NUH ÇİMENTO SANAYİ A.Ş.
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL
STATEMENTS AS OF 31 DECEMBER 2023
AND INDEPENDENT AUDITOR'S REPORT

(CONVENIENCE TRANSLATION OF
THE REPORT AND THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH)

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**(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)**

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Nuh Çimento Sanayi A.Ş.

A) Audit of the Consolidated Financial Statements

1) Opinion

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

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

2) Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Independent Auditors* ("Code of Ethics") published by the POA, together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Scope of Matters

In accordance with the *"Announcement on Inflation Adjustment of Financial Statements of Companies Subject to Independent Audit"* dated 23 November 2023 published by POA, the consolidated financial statements as of 31 December 2023 are subject to inflation adjustment in accordance with TAS 29 *"Financial Reporting in Hyperinflationary Economies"*. In this context, we draw attention to Note 2, which includes explanations about the transition to inflation accounting. This issue does not affect the our opinion.

4) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our 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 addressed in the audit
Revenue recognition While conducting its assessments, the Group management takes into account the detailed conditions set out in TFRS 15 regarding the fulfilment of performance obligations and recognition of the transaction costs allocated to them as revenue, in particular whether the control of goods and services have passed to the customer. Revenue is important in terms of the amount of the financial statements and the measurement of the Company's performance. The Group recognizes revenue by analyzing whether the significant risks and rewards are transferred to the buyer according to the delivery terms of export sales. In this context, revenue recognition has been determined as one of the key audit matters since determining whether the revenue recognition criteria are met as well as determining whether the revenue is recorded in the financial statements in the correct period requires significant judgment of management. Disclosure of the Group's revenue recognition accounting policies and balances are presented in Note 2 and Note 20.	We performed the following procedures in relation to the revenue recognition: • The design and implementation of the controls on the revenue process have been evaluated. The Group's sales and delivery procedures have been analyzed. • Terms of trade and delivery with respect to contracts made with customers have been examined and the timing of revenue recognition in the financial statements for the different shipment arrangements has been assessed. • For substantive procedures, special emphasis is given for transactions where the goods billed but revenue has not been earned. Customers with the longest delivery period have been identified among the existing customers of the Group and a date range has been determined and sales lists have been provided from the relevant departments. The control of the completeness and accuracy of these lists have been tested. In addition, we assessed the adequacy of the disclosures in Note 20 under TFRS.

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.

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6) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

Our objectives are 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the standards on auditing issued by Capital Markets Board and the SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 audit in accordance with the standards on auditing issued by Capital Markets Board and the SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of 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).

- Obtain an understanding of 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 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.

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6) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

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 also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 1 February 2024.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period 1 January - 31 December 2023 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Ali Çiçekli.

Additional paragraph for convenience translation to English

In the accompanying consolidated financial statements, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Ali Çiçekli
Partner

İstanbul, 1 February 2024

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NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL))

	Notes	Current Period Audited 31 December 2023	Prior Period Audited 31 December 2022
ASSETS			
Current Assets		**5,988,831,237**	**5,879,520,069**
Cash and Cash Equivalents	33	3,070,961,257	1,884,518,048
Financial Investments	28	54,695,174	244,037,242
Trade Receivables	6	1,466,143,297	1,444,612,546
Trade Receivables from Related Parties	*5*	*4,260,938*	-
Trade Receivables from Third Parties		*1,461,882,359*	*1,444,612,546*
Other Receivables	7	16,451,829	252,521,620
Other Receivables from Third Parties		*16,451,829*	*252,521,620*
Inventories	9	1,111,987,962	1,637,156,657
Prepaid Expenses	10	108,435,366	109,140,471
Current Tax Assets	26	3,639,642	14,811,912
Other Current Assets	8	156,516,710	292,721,573
Non-Current Assets		**12,808,700,530**	**10,497,953,527**
Other Receivables	*7*	3,823,133	5,784,492
Other Receivables from Third Parties		*3,823,133*	*5,784,492*
Financial Investments	28	2,928,191,284	1,829,341,298
Investment Properties	11	1,676,996,386	1,709,436,911
Property, Plant and Equipment	12	5,862,207,001	5,234,071,963
Right-of-Use Assets	14	189,005,527	223,463,044
Intangible Assets		277,014,021	284,712,427
Goodwill	*15*	*46,956,887*	*46,956,887*
Other Intangible Assets	*13*	*230,057,134*	*237,755,540*
Prepaid Expenses	10	76,873,919	115,623,775
Deferred Tax Asset	26	1,792,894,083	1,088,965,964
Other Non-Current Assets	8	1,695,176	6,553,653
TOTAL ASSETS		**18,797,531,767**	**16,377,473,596**

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

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL))

	Notes	Current Period Audited 31 December 2023	Prior Period Audited 31 December 2022
LIABILITIES AND EQUITY			
Current Liabilities		**2,188,907,778**	**3,168,872,461**
Short-Term Borrowings	28	647,640,400	1,066,816,715
Short-Term Portions of Long-Term Borrowings	28	257,129,048	649,654,292
Lease Payables	28	9,713,501	10,214,913
Trade Payables	6	811,772,248	1,062,507,947
Trade Payables to Third Parties		*811,772,248*	*1,062,507,947*
Payables Related to Employee Benefits	17	56,882,975	39,577,211
Other Payables	7	58,585,064	47,187,049
Other Payables to Third Parties		*58,585,064*	*47,187,049*
Deferred Income	10	151,955,270	147,898,559
Current Income Tax Liability	26	142,828,246	82,230,249
Short-Term Provisions		45,956,880	54,922,517
Short-Term Provisions for Employee Benefits	*17*	*20,418,173*	*24,166,452*
Other Short-Term Provisions	*16*	*25,538,707*	*30,756,065*
Other Current Liabilities	*18*	6,444,146	7,863,009
Non-Current Liabilities		**3,196,948,333**	**1,674,875,781**
Long-Term Liabilities	28	1,541,818,976	345,833,169
Lease Liabilities	28	52,887,165	70,929,602
Long-Term Provisions		194,566,228	307,214,610
Long-Term Provisions for Employee Benefits	*17*	*158,115,362*	*284,808,690*
Other Long-Term Provisions	*16*	*36,450,866*	*22,405,920*
Deferred Tax Liability	26	1,407,675,964	950,898,400
EQUITY		**13,411,675,656**	**11,533,725,354**
Equity Attributable to Equity Holders of the Parent		**13,411,673,634**	**11,533,717,250**
Paid-in Share Capital	19	150,213,600	150,213,600
Capital Adjustments Differences	19	2,742,139,501	2,742,139,501
Accumulated Other Comprehensive Income that will not be Reclassified to Profit or Loss		1,480,341,163	454,568,695
- Gains from Investments to Equity-Based Financial Instruments		*1,562,258,861*	*538,757,679*
- Loss on Remeasurement of Defined Benefit Plans		*(81,917,698)*	*(84,188,984)*
Restricted Reserves Appropriated from Profit	19	2,802,927,506	2,643,689,237
Prior Years' Profit		4,221,802,284	3,394,150,165
Net Profit for the Period		2,014,249,580	2,148,956,052
Non-Controlling Interest		**2,022**	**8,104**
TOTAL LIABILITIES AND EQUITY		**18,797,531,767**	**16,377,473,596**

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL))

	Notes	Current Period Audited 1 January- 31 December 2023	Prior Period Audited 1 January- 31 December 2022
PROFIT OR LOSS			
Revenue	20	13,396,507,959	14,669,844,091
Cost of Sales (-)	20	(10,195,426,221)	(11,690,608,293)
GROSS PROFIT		**3,201,081,738**	**2,979,235,798**
General Administrative Expenses (-)	21	(573,775,680)	(426,004,635)
Marketing and Sales Expenses (-)	21	(324,628,475)	(359,113,842)
Research and Development Expenses (-)	21	(19,817,529)	(561,904)
Income from Operating Activities	23	201,214,061	176,428,397
Expenses from Operating Activities (-)	23	(168,795,745)	(128,707,096)
OPERATING INCOME		**2,315,278,370**	**2,241,276,718**
Income from Investing Activities	24	285,696,241	358,109,004
Expenses from Investing Activities (-)	24	(35,837,394)	(81,231,098)
OPERATING PROFIT BEFORE FINANCE INCOME / (EXPENSES)		**2,565,137,217**	**2,518,154,624**
Financial Income	25	859,804,072	504,609,603
Financial Expenses (-)	25	(1,030,240,729)	(623,162,340)
Monetary Gain / (Loss)		(95,726,483)	(253,503,048)
PROFIT BEFORE TAX		**2,298,974,077**	**2,146,098,839**
Tax Income / (Expenses)		(284,730,579)	2,853,697
Current Tax Expense	*26*	*(601,417,405)*	*(575,973,050)*
Deferred Tax Income	*26*	*316,686,826*	*578,826,747*
PROFIT FOR THE PERIOD		**2,014,243,498**	**2,148,952,536**
Attributable to:			
Non-Controlling Interests		(6,082)	(3,516)
Equity of the Parent Company		2,014,249,580	2,148,956,052
Earnings per share	27	13,41	14,31

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

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL))

	Notes	Current Period Audited 1 January- 31 December 2023	Prior Period Audited 1 January- 31 December 2022
PROFIT FOR THE PERIOD		**2,014,243,498**	**2,148,952,536**
OTHER COMPREHENSIVE (EXPENSES) / INCOME:			
Items that will be Reclassified to Profit or Loss			
Items that will not be Reclassified to Profit or Loss		**1,025,772,468**	**454,568,695**
Remeasurement (Losses) of Defined Benefit Plans	*17*	*2,839,108*	*(105,236,230)*
Remeasurement (Losses) of Defined Benefit Plans, Tax Effect		*(567,822)*	*21,047,246*
Earnings from Investments in Equity-Based Financial Instruments		*1,077,369,665*	*567,113,346*
Tax Expense Regarding Other Comprehensive Expenses		*(53,868,483)*	*(28,355,667)*
OTHER COMPREHENSIVE INCOME / (EXPENSES)		**1,025,772,468**	**454,568,695**
TOTAL COMPREHENSIVE INCOME		**3,040,015,966**	**2,603,521,231**
Total Comprehensive Income Attributable To:		**3,040,015,966**	**2,603,521,231**
Non-Controlling Interests		(6,082)	(3,516)
Equity of the Parent Company		3,040,022,048	2,603,524,747

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

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL))

			Accumulated Other Comprehensive Income or Expenses that will not be Reclassified Subsequently to Profit or Loss			Retained Earnings				
	Paid-in Capital	Capital Adjustment Difference	Gains / (Losses) on Remeasurement of Defined Benefit Plans	Gains from Investments in Equity Financial Instruments	Restricted Reserves Appropriated from Profit	Prior Years' Profit	Net Profit for the Period	Total Equity Attributable to the Parent	Non-Controlling Interests	Equity
Balances as of 1 January 2022	**150,213,600**	**2,742,139,501**	**-**	**-**	**2,558,283,132**	**4,191,357,452**	**-**	**9,641,993,685**	**11,620**	**9,642,005,305**
Transfers	-	-	-	-	85,406,105	(85,406,105)	-	-	-	-
Total Comprehensive Income	-	-	(84,188,984)	538,757,679	-	-	2,148,956,052	**2,603,524,747**	(3,516)	**2,603,521,231**
Dividends	-	-	-	-	-	(711,801,182)	-	**(711,801,182)**		**(711,801,182)**
Balances at 31 December 2022	**150,213,600**	**2,742,139,501**	**(84,188,984)**	**538,757,679**	**2,643,689,237**	**3,394,150,165**	**2,148,956,052**	**11,533,717,250**	**8,104**	**11,533,725,354**
Balances as of 1 January 2023	**150,213,600**	**2,742,139,501**	**(84,188,984)**	**538,757,679**	**2,643,689,237**	**3,394,150,165**	**2,148,956,052**	**11,533,717,250**	**8,104**	**11,533,725,354**
Transfers	-	-	-	-	159,238,269	1,989,717,783	(2,148,956,052)	-	-	-
Total Comprehensive Income	-	-	2,271,286	1,023,501,182	-	-	2,014,249,580	**3,040,022,048**	(6,082)	**3,040,015,966**
Dividends	-	-	-	-	-	(1,162,065,664)	-	**(1,162,065,664)**	-	**(1,162,065,664)**
Balances as of 31 December 2023	**150,213,600**	**2,742,139,501**	**(81,917,698)**	**1,562,258,861**	**2,802,927,506**	**4,221,802,284**	**2,014,249,580**	**13,411,673,634**	**2,022**	**13,411,675,656**

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
AS OF 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL))

	Notes	Current Period 1 January- 31 December 2023	Prior Period 1 January- 31 December 2022
A. Cash Flows from Operating Activities			
Profit for the Period		**2,014,243,498**	**2,148,952,536**
Adjustments Related to Reconciliation of Net Profit for the Period			
Adjustments Related to Depreciation and Amortisation		695,156,354	672,180,153
Adjustments Related to Impairment (Reversal)			
- Adjustments Related to Impairment in Receivables	*6*	*17,042,447*	*41,570,262*
Adjustments Related to Provisions			
- Adjustments Related to Legal Claims	*16*	*10,450,535*	-
- Adjustments Related to (Reversal of) Provisions Allocated Within the Framework of Sectoral Requirements	*16*	*29,483,392*	*10,925,410*
- Adjustments Related to Provision for Employee Benefits	*17*	*107,788,341*	*92,609,637*
Adjustments Related to Tax Income / Expense	26	284,730,579	(2,853,697)
Adjustments Related to Unrealized Foreign Currency Translation Differences		840,507,365	385,135,877
Adjustments Related to Tax (Income) and Expense			
- Adjustments Related to Interest Income	*25*	*(171,314,405)*	*(74,507,834)*
- Adjustments Related to Interest Expense	*25*	*165,818,713*	*212,804,644*
- Deferred Financing Expense from Forward Purchases	*23*	*(10,058,553)*	*(508,468)*
- Unearned Finance Income from Forward Sales	*23*	*9,806,777*	*3,241,245*
Gain on Disposal of Non-Current Assets			
- Adjustments Related to Gain on Disposal of Property, Plant and Equipment	*24*	*(74,639,170)*	*26,806,262*
- Adjustments Related to Gain on Disposal of Investment Properties	*24*	-	*(8,252,203)*
Monetary gain / loss		1,402,084,852	1,086,016,690
		5,321,100,725	**4,594,120,514**
Changes in working capital			
- Adjustments Related to Increase in Inventories		(210,661,653)	(624,111,792)
- Adjustments Related to Increase in Trade Receivables		(616,263,166)	(465,631,620)
- Adjustments Related to Increase in Other Receivables from Operating Activities		107,307,352	(73,408,818)
- Adjustments Related to Decrease in Trade Payables		176,999,140	375,351,552
- Adjustments Related to Decrease in Other Payables from Operating Activities		(3,535,697)	154,718,848
Net Cash Flows Generated from Operating Activities		**4,774,946,701**	**3,961,038,684**
Taxes Paid/Returns	26	(453,650,667)	(515,944,834)
Legal Claims Paid	16	(1,424,581)	(2,098,639)
Employee Benefits Paid	17	(120,939,971)	(11,456,631)
		4,198,931,482	**3,431,538,580**
B. Cash Flows from Investing Activities			
Cash Outflows from Purchases of Property, Plant and Equipment and Intangible Assets	10, 11, 12, 13	(1,155,637,287)	(981,834,219)
Cash Inflows from Sales of Property, Plant and Equipment and Intangible Assets	12, 24	97,113,351	82,481,572
Cash Inflows from Sales of Investment Properties	11, 24	-	33,565,318
Adjustments Related to Interest Income	24	(13,362,471)	(29,096,760)
Other cash inflows/outflows		202,704,539	(193,915,575)
		(869,181,868)	**(1,088,799,664)**
C. Cash Flows from Financing Activities			
Dividend Paid	19	(1,162,065,664)	(711,801,182)
Interest Paid		(170,283,825)	(224,952,709)
Cash Inflows / (Outflows) from Borrowings, net	28	(221,716,396)	(124,352,094)
Cash Outflows from Repayment of Lease Liabilities	28	(19,743,054)	(25,506,988)
Interest Received		171,314,405	74,507,834
		(1,402,494,534)	**(1,012,105,139)**
D. INFLATION EFFECT ON CASH		**(740,811,871)**	**(945,253,417)**
NET INCREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECTS OF FOREIGN CURRENCY TRANSLATION DIFFERENCES (A+B+C+D)		**1,186,443,209**	**385,380,360**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**33**	1,884,518,048	1,499,137,688
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	**33**	**3,070,961,257**	**1,884,518,048**

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

(Amounts expressed in Turkish Lira (TL))

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Nuh Çimento Sanayi A.Ş. ("Nuh Çimento" or "the Company") and its subsidiaries ("the Group") are joint stock and limited liability companies and their principal activities are production of various types of cement, lime, ready-mixed concrete, gas concrete, electricity generation, transportation, real estate and marketable securities management, import, export service and trade sectors.

The head office address of the Company is Hacı Akif Mah. D-100 Karayolu Cad. No:92 Körfez / Kocaeli.

The Company is registered with the Capital Markets Board ("CMB") and 17.35 % of its shares are open to the public. It has been traded on Borsa Istanbul ("BIST") since 24 February 2000.

The details of the reporting according to the fields of activity and geographical sections related to the ongoing activities of the Group are included in the Note 4.

As of 31 December 2023 and 2022, the average number of personnel of the Group is categorized as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Blıe Collar	1,088	1,024
White Collar	337	322
	1,425	1,346

The main partner of the Group and the parties that hold the main control are Nuh Ticaret Sanayi ve Ticaret A.Ş. and Partaş Capital Danışmanlık A.Ş. companies, respectively.

Shareholders	31 December 2023	31 December 2022
Nuh Ticaret Sanayi ve Ticaret A.Ş.	44.13%	44.13%
Partaş Capital Danışmanlık A.Ş.	16.32%	16.32%
Traded on BIST	17.35%	16.18%
Other (*)	22.20%	23.37%
Total Shares	100.00%	100.00%

(*) Represents total of shares less than 5%.

Approval of the Consolidated Financial Statements:

The consolidated financial statements have been approved for issue by the Board of Directors on 1 February 2024. General Assembly has power to change the Group's consolidated financial statements.

1. ORGANIZATION AND OPERATIONS OF THE GROUP (cont'd)

Subsidiaries:

The details of the Company's subsidiaries and joint ventures are as follows:

<u>Nuh Beton A.Ş. ("Nuh Beton")</u>

Nuh Beton started to produce ready-mixed concrete in 1987 at the Bostancı facility as a separate entity of Nuh Çimento parallel to the developments in concrete industry, new facilities were established in Hereke, Büyükbakkalköy, İkitelli, Büyükçekmece and İzmit.

In order to get better organized in the rapid developing ready-mixed concrete sector, the facilities separated from Nuh Çimento and Nuh Beton A.Ş. (Nuh Beton) was established in 1995. Besides, approximately 87 thousand m² shopping center and hotel constructions on the land owned by Nuh Beton in Bostancı were finalized in and carried to financial statements as investment property.

<u>Nuh Yapı Ürünleri A.Ş. ("Nuh Yapı")</u>

A lime factory with a capacity of 160,000 m3/year within the body of Nuh Çimento in 1984, and a gas concrete brick plant with a capacity of 160,000 tons/year in 1996, became operational.

The legal establishment of Nuh Yapı was realized in 1995. In 1998, the Company started its operations with two facilities stated above and machine factory which was a part of Nuh Çimento and mainly serves the Nuh group companies in the production of equipment and projects for maintenance, repair and investments.

Nuh Yapı completed the construction of aerated concrete block production facility, in 2008 with an annual capacity of 400,000 m³, which was started in 2007. Besides, the limestone production facility whose investment started in 2007 was completed at the end of 2010 with an annual quicklime production capacity of 212,000 tons.

<u>Nuh Gayrimenkul İnşaat A.Ş. (Nuh Gayrimenkul)</u>

Nuh Gayrimenkul was established in 1997 for the purpose of ensuring efficient use of the real estate within the structure of the Group companies, of production and project preparation operations in the construction sector.

<u>Çim-Nak Taşımacılık Limited Şirketi (Çim-Nak)</u>

It was established in 1979 to provide maritime and land transportation services, mine ores management and sea transportation services.

Çim-Nak still continues its activities by providing services to its main partner, Nuh Çimento, for mine ore management and sea transportation.

<u>Navig Holding Trade B.V. (Navig)</u>

Navig was established in 1997 in Netherlands with the 100% participation of Nuh Çimento to assist the export-import operations of the Group's firms, finding long-term external credits for investments and making securities investments. The activities of the Company are not at a significant level for the Group.

<u>Nuh Agro Tarım A.Ş. (Nuh Agro)</u>

It was established in 2019 to operate in the medical, medicinal and aromatic plants sector. Its capital is TL 100,000. The Company has a total of 85% share in the subsidiary. The activities of the Company are not at a significant level for the Group.

1. ORGANIZATION AND OPERATIONS OF THE GROUP (cont'd)

Joint ventures and associates

Oyak Çimento Fabrikaları A.Ş. ("Oyak Çimento")

The increase in value of 4.24% of Oyak Çimento shares owned by the Group as TL 1,023,501,182 between 1 January 2023 and 31 December 2023 has been accounted for under the earnings from investments in equity instruments in the statement of other comprehensive income, As of 31 December 2023, the value of Oyak Çimento in financial assets is TL 2,928,055,079.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance with TFRS

The accompanying consolidated financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which was published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Financial Reporting Standards and interpretations ("TFRS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

In addition, the financial statements have been prepared in accordance with "Announcement on TFRS Taxonomy" published by POA on 4 October 2022 and with the "Examples of Financial Statements and the User Guide" issued by CMB.

The Group maintains its accounting records and prepares its consolidated financial statements with the principles and requirements of the CMB, the Company and the Company's subsidiaries and associates operating in Turkey keep their legal records according to the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance ("Ministry of Finance") of Turkish Republic. Subsidiaries and associates operating in foreign countries prepare their statutory financial statements in accordance with the laws and regulations applicable in the countries in which they operate. The consolidated financial statements are prepared by reflecting the necessary adjustments and classifications to the statutory records in order to make an accurate presentation in accordance with TFRS. The consolidated financial statements are prepared on the basis of historical cost, except for financial assets recognized at fair value and derivative financial instruments carried at fair value. In determining the historical cost, the fair value of the amount paid for the assets is generally taken as basis.

Going concern

The consolidated financial statements have been prepared on the basis of going concern.

Currency Used

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

(Amounts expressed in Turkish Lira (TL))

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Restatement of financial statements during periods of high inflation

In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by applying the provisions of TAS 29 to their annual financial statements for the accounting periods ending on 31 December 2023.

POA made a announcement on 23 November 2023 regarding the scope and application of TAS 29. It stated that the financial statements of the entities applying Turkish Financial Reporting Standards for the annual reporting period ending on or after 31 December 2023 should be presented in accordance with the related accounting principles in TAS 29, adjusted for the effects of inflation.

In this framework, while preparing the consolidated financial statements dated 31 December 2023, 31 December 2022 and 2021, inflation adjustment has been made in accordance with TAS 29.

The financial statements and related figures for previous periods have been restated for changes in the general purchasing power of the functional currency and, consequently, the financial statements and related figures for previous periods are expressed in terms of the measuring unit current at the end of the reporting period in accordance with TAS 29 Financial Reporting in Hyperinflationary Economies.

TAS 29 applies to the financial statements, including the consolidated financial statements, of each entity whose functional currency is the currency of a hyperinflationary economy. If an economy is subject to hyperinflation, TAS 29 requires an entity whose functional currency is the currency of a hyperinflationary economy to present its financial statements in terms of the measuring unit current at the end of the reporting period.

As at the reporting date, entities operating in Turkey are required to apply TAS 29 "Financial Reporting in Hyperinflationary Economies" for the reporting periods ending on or after 31 December 2023, as the cumulative change in the general purchasing power of the last three years based on the Consumer Price Index ("CPI") is more than 100%.

The table below shows the inflation rates for the relevant years calculated by taking into account the Consumer Price Indices published by the Turkish Statistical Institute (TURKSTAT):

Date	**Index**	**Adjustment coefficient**	**Three-year cumulative inflation rates**
31.12.2023	1.859,38	1.000	268%
31.12.2022	1.128,45	1.647	156%
31.12.2021	686,95	2.706	74%

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Restatement of financial statements during periods of high inflation (cont'd)

The main lines of TAS 29 indexation transactions are as follows:

• As of the balance sheet date, all items other than those stated in terms of current purchasing power are restated by using the relevant price index coefficients. Prior year amounts are also restated in the same way.

• Monetary assets and liabilities are expressed in terms of the purchasing power at the balance sheet date and are therefore not subject to restatement. Monetary items are cash and items to be received or paid in cash.

• Fixed assets, subsidiaries and similar assets are indexed to their acquisition values, which do not exceed their market values. Depreciation has been adjusted in a similar manner. Amounts included in shareholders' equity have been restated by applying general price indices for the periods in which they were contributed to or arose within the Company.

• All items in the income statement, except for the effects of non-monetary items in the balance sheet on the income statement, have been restated by applying the multiples calculated over the periods when the income and expense accounts were initially recognised in the financial statements.

• The gain or loss arising on the net monetary position as a result of general inflation is the difference between the adjustments to non-monetary assets, equity items and income statement accounts. This gain or loss on the net monetary position is included in net profit.

The impact of the application of TAS 29 Inflation Accounting is summarised below:

Restatement of the Statement of Financial Position

Amounts in the statement of financial position that are not expressed in terms of the measuring unit current at the end of the reporting period are restated. Accordingly, monetary items are not restated because they are expressed in the currency of the reporting period. Non-monetary items are required to be restated unless they are expressed in terms of the currency in effect at the end of the reporting period.

The gain or loss on the net monetary position arising on restatement of non-monetary items is recognised in profit or loss and presented separately in the statement of comprehensive income.

Restatement of the Statement of Profit or Loss

All items in the statement of profit or loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore, all amounts have been restated by applying changes in the monthly general price index.

Cost of inventories sold has been restated using the restated inventory balance.

Depreciation and amortisation expenses have been restated using the restated balances of property, plant and equipment, intangible assets, investment property and right-of-use assets.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Restatement of financial statements during periods of high inflation (cont'd)

Restatement of Statement of Cash Flows

All items in the statement of cash flows are expressed in terms of the measuring unit current at the end of the reporting period.

Consolidated financial statements

The financial statements of a subsidiary whose functional currency is the currency of a hyperinflationary economy are restated by applying the general price index before they are included in the consolidated financial statements prepared by the parent company. If the subsidiary is a foreign subsidiary, its restated financial statements are translated at the closing rate.

When consolidating financial statements with different reporting period ends, all monetary and non-monetary items are restated in accordance with the measuring unit current at the date of the consolidated financial statements.

Comparative figures

Relevant figures for the previous reporting period are restated by applying the general price index so that the comparative financial statements are presented in the measuring unit applicable at the end of the reporting period. Information disclosed for prior periods is also expressed in terms of the measuring unit current at the end of the reporting period.

Comparative Information and Restatement of Prior Period Consolidated Financial Statements

The financial statements of the Group include comparative financial information to enable the determination of the financial position and performance trends. In order to comply with the presentation of the current period financial statements, comparative information is reclassed, and significant changes are disclosed if necessary.

Periodicity

The Group's activities are increasing in spring and summer, when construction demand is rising, and the construction industry is reviving.

(Amounts expressed in Turkish Lira (TL))

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Basis of consolidation

The details of the Company and its subsidiaries as of 31 December 2023 and 2022 are as follows:

			Share ratio in capital (%)	
Subsidiaries	Place of establishment and operation	Functional currency	31 December 2023	31 December 2022
Nuh Beton A.Ş.	Turkey	TL	100%	100%
Nuh Yapı Ürünleri A.Ş.	Turkey	TL	100%	100%
Çim-Nak Taşımacılık Limited Şirketi	Turkey	TL	99.99%	99.99%
Nuh Gayrimenkul İnşaat A.Ş.	Turkey	TL	100%	100%
Navig Holding Trade B.V.	Netherlands	Euro	100%	100%
Nuh Agro Tarım A.Ş.	Turkey	TL	85%	85%

All subsidiaries above are recognized in these consolidated financial statements using the full consolidation method.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Basis of Consolidation (cont'd)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date of acquisition to the date of disposal.

Profit or loss and each component of other comprehensive income are attributed to the parent and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable TAS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TAS 39 *Financial instruments: recognition and measurement*, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Basis of Consolidation (cont'd)

Investments in associates and joint ventures:

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A partnership is a joint venture in which entities with joint control in an arrangement have rights to the net assets in the joint arrangement. Joint control is based on the control contract on an economic activity. This control is deemed to exist when the decisions of the relevant activities require the parties sharing the control to agree with the unanimity of votes.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with TFRS 5. Under the equity method, an investment in associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or a joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or a joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or a joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or a joint venture.

Profit and losses resulting from transactions between one of the Group companies and an affiliate of the Group are eliminated in proportion to the Group's share in the relevant associate or joint venture.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2 Changes in Accounting Policies

The Group has applied accounting standards consistently with prior year. Significant changes in the accounting policies and significant accounting errors are applied retrospectively and the financial statements of the previous period are restated.

2.3 Changes in Accounting Estimates and Errors

The Group has applied its accounting policies consistently with the prior year. Significant changes in the accounting policies and significant accounting errors are applied retrospectively and the financial statements of the previous period are restated. If changes in accounting policies are for only one period, changes are applied on the current year but if the changes affect the future periods, changes are applied both on the current period and future periods prospectively. The Group has not made any changes in the accounting policies in the current year, except for the effects of the changes in the new and revised standards explained in Note 2.4.

2.4 New and Amended Turkish Accounting Standards

a) <u>Amendments that are mandatorily effective from 2023</u>

Amendments to TAS 1	*Disclosure of Accounting Policies*
Amendments to TAS 8	*Definition of Accounting Estimates*
Amendments to TAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to TAS 12	*International Tax Reform — Pillar Two Model Rules*

Amendments to TAS 1 *Disclosure of Accounting Policies*

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 8 *Definition of Accounting Estimates*

With this amendment, the definition of “a change in accounting estimates” has been replaced with the definition of “an accounting estimate”, sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

(Amounts expressed in Turkish Lira (TL))

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 New and Amended Turkish Accounting Standards (cont'd)

a) Amendments that are mandatorily effective from 2023 (cont'd)

Amendments to TAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 12 *International Tax Reform — Pillar Two Model Rules*

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023.

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

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

TFRS 17	*Insurance Contracts*
Amendments to TFRS 17	*Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)*
Amendments to TFRS 4	*Extension of the Temporary Exemption from Applying TFRS 9*
Amendments to TAS 1	*Classification of Liabilities as Current or Non-Current*
Amendments to TFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to TAS 1	*Non-current Liabilities with Covenants*
Amendments to TAS 7 and TFRS 7	*Supplier Finance Arrangements*
TSRS 1	*General Requirements for Disclosure of Sustainability-related Financial Information*
TSRS 2	*Climate-related Disclosures*

TFRS 17 *Insurance Contracts*

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 has been deferred for insurance, reinsurance and pension companies for a further year and will replace TFRS 4 *Insurance Contracts* on 1 January 2025.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 New and Amended Turkish Accounting Standards (cont'd)

b) New and revised TFRSs in issue but not yet effective (cont'd)

Amendments to TFRS 17 *Insurance Contracts* and *Initial Application of TFRS 17 and TFRS 9 — Comparative Information*

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of TFRS 17.

Amendments to TFRS 4 *Extension of the Temporary Exemption from Applying TFRS 9*

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 *Insurance Contracts* from applying TFRS 9, so that insurance and reinsurance and pension companies would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2024 with the deferral of the effective date of TFRS 17.

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

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

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

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

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

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

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

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

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

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

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 New and Amended Turkish Accounting Standards (cont'd)

b) New and revised TFRSs in issue but not yet effective (cont'd)

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

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

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

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

TSRS 2 *Climate-related Disclosures*

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

2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies

Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements.

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 significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(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 entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

Revenue

Revenue is recognized in the consolidated financial statements at the transaction price. The transaction fee is the amount that the entity expects to receive in return for transferring the goods or services that it has committed to the customer, except for the amounts collected on behalf of third parties. When the control of the goods or services is transferred to the customers, the Group reflects the relevant amount as revenue in the consolidated financial statements.

In accordance with TFRS 15 "Customer Contract Revenue Standard", effective from 1 January 2018, the Group recognizes revenue in the consolidated financial statements in the five-step model below.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Revenue (cont'd)

- Identification of contracts with customers
- Identification of performance obligations in contracts
- Determining the transaction price in contracts
- Distribution of transaction fee to performance obligations
- Revenue recognition

The Group evaluates the cement and clinker it commits in each contract with the customers and determines each commitment to transfer the goods or services in question as a separate performance obligation. For each performance obligation, it is determined at the beginning of the contract that the performance obligation will be fulfilled in time or at a certain time. If the Group transfers the control of a good or service over time and thus fulfills the performance obligations related to the related sales over time, the Group measures the proceeds on the fulfillment of the performance obligations completely and takes the proceeds to the financial statements. The Company, as it fulfills or fulfills its performance obligation by transferring a committed product or service to its customer, records the transaction price corresponding to this performance obligation as revenue in its financial statements. The goods or services are transferred when the goods or services are received (as soon as it received) by the customers. The Group evaluates the transfer of control of the goods or services sold to the customer:

- ownership of the Group's right to collect goods or services,
- the ownership of the legal property of the customer,
- transfer of the possession of goods or services,
- the ownership of significant risks and rewards arising from the ownership of the goods or services,
- takes into account the conditions for the customer to accept the goods or services.

Rental income:

Rental income from investment properties is recognized on a straight-line basis over the term of the relevant lease.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs including some of the fixed and variable general production expenses are valued according to the method appropriate to the class of the inventories and mostly according to the weighted average cost method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of profit or loss in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated and carried at cost less accumulated impairment.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Except for land and construction in progress, depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible Assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives.

Costs associated with developing or maintaining computer software programmes are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Costs include the software development employee costs and an appropriate portion of relevant overheads.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Intangible Assets (cont'd)

<u>Derecognition of intangible assets</u>

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment of Property, Plant and Equipment and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in the statement of profit or loss in the period in which they are incurred.

Financial Instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

The Group classifies its financial assets as (a) Business model used for managing financial assets, (b) financial assets subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss based on the characteristics of contractual cash flows. The Company reclassifies all financial assets effected from the change in the business model it uses for the management of financial assets. The reclassification of financial assets is applied prospectively from the reclassification date. In such cases, no adjustment is made to gains, losses (including any gains or losses of impairment) or interest previously recognized in the financial statements.

<u>Classification of financial assets</u>

Financial assets that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial 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.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets (cont'd)

Classification of financial assets (cont'd)

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset; the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met.

(i) Amortised cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

(a) Credit-impaired financial assets when purchased or generated. For such financial assets, the Company applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the financial statements.
(b) Non-financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired. For such financial assets, the Company applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

Interest income is recognised in profit or loss and is included in the "finance income – interest income" line item (Note 25).

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets (cont'd)

Classification of financial assets (cont'd)

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the revaluation reserve. The cumulative gain or loss is not to be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets (cont'd)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. Other exchange differences are recognised in other comprehensive income;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group utilizes a simplified approach for trade receivables, contract assets and *lease receivables* that does not have significant financing component and calculates the allowance for impairment against the lifetime ECL of the related financial assets.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets (cont'd)

Measurement and recognition of expected credit losses (cont'd)

The expected credit loss of financial assets is the present value of the difference between the Group's contractually realized cash flows and all the cash flows (all cash deficits) that the Group expects to receive, calculated over the initial effective interest rate (or credit-adjusted effective interest rate for credit-impaired financial assets when purchased or created).

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss but is transferred directly to retained earnings.

Financial liabilities

Financial liabilities are classified as at FVTPL on initial recognition. On initial recognition of liabilities other than those that are recognised at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognised in the fair value.

A financial liability is subsequently classified at amortized cost except:

(a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial liabilities (cont'd)

(b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognised in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Company continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.

(c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where TFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

The entity does not reclassify any financial liability.

<u>Derecognition of financial liabilities</u>

The Group derecognises financial liabilities only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Goodwill

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

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

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

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

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Effect of Exchange Differences

Foreign Currency Transactions and Balances

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated into TL at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

Financial Statements of Subsidiaries, Joint Ventures and Associates Operating in Foreign Countries

Assets and liabilities of the Group's foreign operations are presented in TL considering exchange rates valid at the balance sheet date. Income and expenses are translated by using the average rate calculated for the year when the transaction occurred unless significant fluctuation has happened in exchange rates. In case of any significant fluctuation in exchange rates, the transaction is translated by using the exchange rate at the transaction date. The translation difference is accounted under comprehensive income as a component of equity.

Earnings per Share

Earnings per share is calculated by dividing the net consolidated profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding.

Companies in Turkey can increase their capital through "bonus shares" that they distribute to their shareholders from retained earnings. Such "bonus share" distributions are treated as issued shares in earnings per share calculations. Accordingly, the weighted average number of shares used in these calculations has been calculated by taking into account the retrospective effects of the aforementioned share distributions.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Events After the Reporting Period

Events after the reporting period are those events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information.

The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

Provisions, Contingent Assets and Liabilities

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

Reporting of Financial Information by Segments

Operating segments of the Group; based on the activities for which revenue is obtained and separate financial information is available. In accordance to that, the financial information of companies producing and trading cement, concrete and building materials are shown in the "Construction and building materials" and the financial information of the companies producing and selling electric energy are shown under "Energy". In addition to these two areas of activity, "construction and construction materials" have been shown in the activity group because the assets of Nuh Group companies, which are engaged in construction transportation and services, do not exceed 10% of the total assets of all operating segments of their assets.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are carried at cost less accumulated depreciation and any accumulated impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Depreciation is provided on investment property on a straight line basis. The depreciation period for investment property is 35-50 years.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Taxation

Turkish Tax Legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the balance sheet date.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Taxation (cont'd)

Deferred tax (cont'd)

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized directly in equity, in which case, the current and deferred tax are also recognized directly in equity.

Employee Benefits

Termination and retirement benefits:

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per Turkish Accounting Standard No. 19 (revised) *Employee Benefits* ("TAS 19").

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

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Employee Benefits (cont'd)

Provision for seniority incentive bonus

In accordance with the employee benefit named "Seniority Incentive Premiums" provided by the Group to their employees having certain working seniority in order to enhance their loyalty to the jobs and employers; the benefits are provided as follows; employees with 5 year work experience are paid for their 30 days wage, those with 10 year work experience are paid for their 45 days of their gross wage, those with 15 year work experience are paid for their 55 days wage, those with 20 year work experience are paid for their 70 days wage, those with 25 and 30 year work experience are paid for their 75 days wage, for each level of payment with their actual working wage in the month they complete the respective seniority level in the mentioned range.

To calculate the provision for seniority incentive payments, the Group has considered the duration passed for each employee as of the balance sheet date since their job entrance dates and booked a liability for the discounted amount of the future payments as of the statement of financial position.

Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Statement of Cash Flows

In statement of cash flows, cash flows are classified according to operating, investing and financing activities.

Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

2.6 Significant Accounting Judgments, Estimates and Assumptions

<u>Critical judgments in applying the Group's accounting policies</u>

In the process of applying the Group's accounting policies, which are described in Note 2.5, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements (apart from those involving estimations, which are dealt with below):

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.6 Significant Accounting Judgments, Estimates and Assumptions (cont'd)

Critical judgments in applying the Group's accounting policies (cont'd)

Deferred Tax

The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between the tax base legal financial statements and the financial statements prepared in accordance with TFRS. Currently, there are deferred tax assets resulting from operating loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. In light of the evidence obtained, the Group believes that taxable profit will be available sufficient to utilize these deferred tax assets, therefore all of the deferred tax assets are recognized.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.5. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates in Note 15.

Useful lives of property, plant and equipment

The Group reviews the estimated useful lives of its property, plant and equipment at the end of each reporting period. The Group takes into consideration the intended use of the property, plant and equipment, the advancement in technology related to the particular type of property, plant and equipment as well as other factors that may require management to extend or shorten the useful lives and the assets' related depreciation.

Legal provisions

While allocating provisions for the lawsuits, the possibilities of losing the lawsuits and liabilities that will arise in case of a loss have been evaluated by the Group management by taking the legal counsel and expert opinions of the Company and its subsidiaries. The Group Management determines the lawsuit provisions based on the best estimates.

Employment termination benefits and seniority incentive bonus

Employment termination benefits and seniority incentive bonus are determined with actuarial assumptions (discount rate, future salary increase and turnover rates) (Note 17).

(Amounts expressed in Turkish Lira (TL))

3. INTERESTS IN OTHER ENTITIES

Associates

Ünye Çimento, whose shares are traded on the BIST, has been merged with Oyak Çimento Fabrikaları A.Ş. ("Oyak Çimento") as a transfer and the merger transaction was realized on Borsa İstanbul on 21 May 2020.

The explanation regarding the realized transaction is explained in detail in Note 1.

4. SEGMENT REPORTING

The Group has implemented TFRS 8 as of 1 January 2009 and determined operating segments based on internal management of reports used by governing body by the competent authority to make decisions about the Group's operations.

The revenue of the Group's reportable operating segments is mainly due to cement sales in foreign and domestic markets.

Information on the operating segments based on the Group's internal reporting is as follows:

1 January - 31 December 2023	**Construction and construction materials**	**Energy**	**Consolidation adjustments**	**Total**
Third party sales	13,345,003,658	51,504,301	-	13,396,507,959
Cross-departmental sales	1,434,208,476	-	(1,434,208,476)	-
Net sales	**14,779,212,134**	**51,504,301**	**(1,434,208,476)**	**13,396,507,959**
Cost of sales	(11,625,552,443)	(4,082,254)	1,434,208,476	(10,195,426,221)
Gross Profit	**3,153,659,691**	**47,422,047**	**-**	**3,201,081,738**
Total assets	18,312,097,267	485,434,500	-	18,797,531,767
Total liabilities	5,385,856,111	-	-	5,385,856,111

1 January - 31 December 2022	**Construction and construction materials**	**Energy**	**Consolidation adjustments**	**Total**
Third party sales	14,605,306,173	64,537,918	-	14,669,844,091
Cross-departmental sales	695,450,122	-	(695,450,122)	-
Net sales	**15,300,756,295**	**64,537,918**	**(695,450,122)**	**14,669,844,091**
Cost of sales	(12,379,331,966)	(6,726,449)	695,450,122	(11,690,608,293)
Gross Profit	**2,921,424,329**	**57,811,469**	**-**	**2,979,235,798**
Total assets	15,868,834,083	508,639,513	-	16,377,473,596
Total liabilities	4,843,748,242	-	-	4,843,748,242

(Amounts expressed in Turkish Lira (TL))

5. RELATED PARTY DISCLOSURES

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Trade receivables from related parties arise mainly from sale transactions of cement and construction supplies of the Company and its subsidiaries.

	31 December 2023	
	Current	
	Trade Receivables	Sales
Nuh Çimento Eğitim ve Sağlık Vakfı (2) (*)	4,260,938	10,461,928
	4,260,938	10,461,928

	31 December 2022	
	Current	
	Trade Receivables	Sales
Çimpaş Çimento İnşaat Mlz. Paz. A.Ş. (1)	-	50,786
Nuh Çimento Eğitim ve Sağlık Vakfı (2) (*)	-	351,427
	-	402,213

(1) Financial investments of the Company
(2) Foundation which was established by the Company with the decision of Council of Ministers
(*) Amounts consist of concrete sales that the Group has made to Nuh Çimento Eğitim ve Sağlık Vakfı.

Compensation of key management personnel:

Key management personnel consist of members of Board of Directors and Executive Board members. The compensation of key management personnel includes salaries, bonus, health insurance and transportation etc. The remuneration of key management personnel during the year were as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Salaries and other short-term benefits	77,998,358	27,636,615

(Amounts expressed in Turkish Lira (TL))

6. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

As of the reporting date, details of the Group's trade receivables are as follows:

Short-term trade receivables	31 December 2023	31 December 2022
Trade receivables	1,097,501,147	935,810,045
Trade receivables from related parties	4,260,938	-
Notes receivable	498,538,073	679,849,824
Discount of notes receivables (-)	(31,444,310)	(16,015,728)
Provision for doubtful receivables (-)	(102,712,551)	(155,031,595)
Trade receivables from third parties	*(79,028,219)*	*(136,441,417)*
Expected credit losses (-) effect of TFRS 9	*(23,684,332)*	*(18,590,178)*
	1,466,143,297	1,444,612,546

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 40 days and therefore are all classified as current. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method (31 December 2022: 36 days).

As of 31 December 2023, trade receivables of TL 102,712,551 (31 December 2022: TL 155,031,595) were impaired and provided for. Significant part of the individually impaired receivables consist of wholesalers, which are in unexpectedly difficult economic situations and litigation process against the Group and provisions by applying TFRS 9 within the scope of the Group's general policy which include varying dates depending on the delays.

(Amounts expressed in Turkish Lira (TL))

6. TRADE RECEIVABLES AND PAYABLES (cont'd)

a) Trade Receivables (cont'd):

Movements on the Group provision for doubtful trade receivables are as follows:

Movement of provision for doubtful trade receivables	1 January - 31 December 2023	1 January - 31 December 2022
Opening balance	155,031,595	392,815,712
Collections or reversal of provision	(3,797,983)	(12,002,504)
Charge for the period (Note: 21)	11,948,294	29,721,853
Changes in TFRS 9 charge for the period	5,094,153	11,848,409
Inflation effect	(65,563,508)	(267,351,875)
Closing balance	102,712,551	155,031,595

As of 31 December 2023, there are no guarantees received from customers for doubtful trade receivables (31 December 2022: None).

The aging of trade receivables are as follows:

	31 December 2023	31 December 2022
Neither not past due, nor imparied	993,081,659	1,202,813,504
Past due / overdue but not impaired	473,061,638	241,799,043
Impaired and provided for	102,712,551	155,031,595
	1,568,855,848	1,599,644,142

As of 31 December 2023, trade receivables amounting to TL 473,061,638 (31 December 2022: TL 241,799,043) are overdue but are not considered as doubtful receivables due to the ability to collect. Within the scope of the Company's general policy under the scope of TFRS 9 application, a provision is made for varying rates based on delays. The maturity analysis of these receivables is as follows:

	31 December 2023	31 December 2022
1 - 3 months	458,456,997	222,000,140
3 - 6 months	908,231	4,076,479
6 - 9 months	493	812
Over 9 months	13,695,917	15,721,612
	473,061,638	241,799,043

The Group held guarantee letter amounting to TL 155,130,848 for the trade receivables that are past due and not impaired (31 December 2022: TL 126,597,500).

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

In the current period, there has been no change in the estimates and assumptions of the Group management.

(Amounts expressed in Turkish Lira (TL))

6. TRADE RECEIVABLES AND PAYABLES (cont'd)

b) Trade Payables:

The Group's trade payables are as follows as of the balance sheet date:

	31 December 2023	31 December 2022
Trade payables	827,951,389	1,062,002,434
Notes payable	9,283,618	8,627,523
Expense accruals	997,843	381,929
Rediscount of notes payable (-)	(26,460,602)	(8,503,939)
	811,772,248	1,062,507,947

The average maturity of credit sales of goods is 34 days. (31 December 2022: 31 days).

Explanation about the nature and level of risks related to trade receivables and payables are disclosed in Note 29.

7. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables

Short-term other receivables	31 December 2023	31 December 2022
Other short-term receivables (*)	4,047,566	250,694,466
Due from personnel	8,501,368	4,037,563
Deposits and quarantees given	5,401,773	259,336
Provision for doubtful receivables (-)	(1,498,878)	(2,469,745)
	16,451,829	252,521,620

(*) The portion amounting to TL 150,646,510 consists of receivables from the tax office.

Provision expenses related to other doubtful receivables are recognized under other expenses.

Long-term other receivables	31 December 2023	31 December 2022
Deposits and quarantees given	3,823,133	5,784,492
	3,823,133	5,784,492

b) Other Payables

Short-term other payables	31 December 2023	31 December 2022
Taxes, duties and other deductions payable	40,022,182	27,853,374
Deposits and quarantees received	17,620,761	17,911,988
Other miscellaneous payables	942,121	1,421,687
	58,585,064	47,187,049

(Amounts expressed in Turkish Lira (TL))

8. OTHER CURRENT AND NON-CURRENT ASSETS

Other current assets	31 December 2023	31 December 2022
Deferred VAT	130,037,387	239,709,037
Deductible VAT	21,638,255	50,252,873
Personnel advances	4,407,705	2,759,663
Other assets	433,363	-
	156,516,710	292,721,573

Other non-current assets	31 December 2023	31 December 2022
Deductible VAT in future years	1,695,176	6,553,653
	1,695,176	6,553,653

9. INVENTORIES

	31 December 2023	31 December 2022
Raw materials	652,961,638	1,131,538,264
Work in process	403,996,944	388,970,772
Finished goods	58,840,537	120,432,618
Trade goods	689,897	716,057
Allowance for impairment on inventory (-)	(4,501,054)	(4,501,054)
	1,111,987,962	1,637,156,657

The Group determines inventories whose net realizable value is below the cost of each year, and a provision amounting to TL 4,501,054 has been reserved for inventory impairment (31 December 2022: TL 4,501,054).

The movement table of the Group's provision for inventory impairment as of 31 December 2023 is as follows:

Movements of provision for inventory impairment	1 January - 31 December 2023	1 January - 31 December 2022
Opening balance	4,501,054	4,501,054
Closing balance	4,501,054	4,501,054

(Amounts expressed in Turkish Lira (TL))

10. PREPAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses	31 December 2023	31 December 2022
Order advances given for inventory purchase	66,840,938	80,723,915
Prepaid expenses	41,594,428	28,416,556
	108,435,366	109,140,471

Long-term prepaid expenses	31 December 2023	31 December 2022
Order advances given for fixed asset purchase	74,003,851	115,623,775
Prepaid expenses	2,870,068	-
	76,873,919	115,623,775

Short-term deferred income	31 December 2023	31 December 2022
Advances given for inventory purchase	151,262,401	147,163,426
Deferred income	692,869	735,133
	151,955,270	147,898,559

11. INVESTMENT PROPERTIES

Cost Value	Land	Buildings	Other	Total
Opening balance as of 1 January 2023	537,500,669	1,412,679,608	832,707	1,951,012,984
Additions	-	202,436	-	202,436
Disposals	(5,043,872)	-	-	(5,043,872)
Closing balance as of 31 December 2023	532,456,797	1,412,882,044	832,707	1,946,171,548

Accumulated Depreciation	Land	Buildings	Other	Total
Opening balance as of 1 January 2023	-	(241,094,633)	(481,440)	(241,576,073)
Charge for the period	-	(27,562,379)	(36,710)	(27,599,089)
Closing balance as of 31 December 2023	-	(268,657,012)	(518,150)	(269,175,162)
Carrying value as of 31 December 2023	532,456,797	1,144,225,032	314,557	1,676,996,386

(Amounts expressed in Turkish Lira (TL))

11. INVESTMENT PROPERTIES (cont'd)

Cost Value	Land	Buildings	Other	Total
Opening balance as of 1 January 2022	537,500,669	1,437,992,723	832,707	1,976,326,099
Disposals	-	(25,313,115)	-	(25,313,115)
Closing balance as of 31 December 2022	537,500,669	1,412,679,608	832,707	1,951,012,984
Accumulated Amortization	Land	Buildings	Other	Total
Opening balance as of 1 January 2022	-	(213,566,596)	(375,781)	(213,942,377)
Charge for the period	-	(27,528,037)	(105,659)	(27,633,696)
Closing balance as of 31 December 2022	-	(241,094,633)	(481,440)	(241,576,073)
Carrying value as of 31 December 2022	537,500,669	1,171,584,975	351,267	1,709,436,911

All depreciation expenses are included in expenses from investment activities (31 December 2022: included in expenses from investment activities).

Investment properties consist of shopping mall and the hotel block and the lands which are held for investment purposes by the Group. The Group evaluates any indicator of reduction in value of its investment properties. If there is such an indicator exist, the Group compares the fair value and carrying value of the asset and records the impairment in value.

As of 31 December 2023 and 2022, the Group management has determined the fair value of the market, hotel blocks, land and lands included in the investment properties, in line with the decision taken. As of 31 December 2023 and 2022, the fair value of the Group's land and buildings which is classified as investment property has been determined by an independent valuers not related to the Group which is ACE Gayrimenkul Değerleme ve Danışmanlık A.Ş. The fair value of the owned market and hotel blocks has been determined using the discounted cash flow method. In the valuation study, the capitalization rate is 8% and the nominal discount rate is 21% (31 December 2022: capitalization rate is 8% and nominal discount rate is 21%).

For the period ended 31 December 2023, the Group's rent revenue obtained by investment of real estate properties amounting to TL 155,804,888 (31 December 2022: TL 168,487,890). The Group paid property tax for investment of real estate properties amounting to TL 4,739,849 (31 December 2022: TL 5,093,910) (Note: 24).

(Amounts expressed in Turkish Lira (TL))

11. INVESTMENT PROPERTIES (cont'd)

Details of the Group's investment properties and information about the fair value hierarchy as of 31 December 2023 and 2022 are as follows:

		Fair value as of reporting period		
	31 December 2023	Level 1 TL	Level 2 TL	Level 3 TL
Hotel and Shopping Mall	1,473,500,000	-	-	1,473,500,000
Buildings	126,295,467	-	126,295,467	-
Lands	883,895,077	-	883,895,077	-

	31 December 2022	Level 1 TL	Level 2 TL	Level 3 TL
Hotel and Shopping Mall	1,240,177,633	-	-	1,240,177,633
Buildings	76,883,044	-	76,883,044	-
Lands	544,473,501	-	544,473,501	-

(Amounts expressed in Turkish Lira (TL))

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Land improvements	Buildings	Plant, machinery and equipment	Motor vehicles	Furniture and fixture	Other tangible assets	Leasehold improvements	Construction in progress	Total
Cost Value										
Opening balance as of 1 January 2023	577,437,911	1,300,908,899	2,244,104,292	11,287,639,276	1,283,350,906	722,706,319	7,699,278	84,268,533	469,902,555	17,978,017,969
Additions	3,055,772	24,406,738	14,770,477	115,797,576	176,703,218	35,268,846	-	412,083	820,145,556	1,190,560,266
Disposals	(3,055,771)	(54,692)	(20,662,645)	(78,565,009)	(27,302,532)	(6,898,438)	-	-	-	(136,539,087)
Transfers from inventory	-	-	-	78,955,787	-	-	-	-	-	78,955,787
Transfers	-	2,691,246	956,013	61,601,570	344,801,763	12,228,336	-	22,221,336	(444,500,264)	-
Closing balance as of 31 December 2023	577,437,912	1,327,952,191	2,239,168,137	11,465,429,200	1,777,553,355	763,305,063	7,699,278	106,901,952	845,547,847	19,110,994,935
Accumulated Depreciation										
Opening balance as of 1 January 2023	-	(999,761,427)	(1,460,430,248)	(8,748,484,253)	(818,908,071)	(643,680,335)	(7,699,278)	(64,982,396)	-	(12,743,946,007)
Charge for the period	-	(47,236,377)	(41,520,780)	(383,258,748)	(115,865,674)	(23,419,475)	-	(7,605,777)	-	(618,906,831)
Disposals	-	47,704	20,636,921	63,860,865	22,784,702	6,734,712	-	-	-	114,064,904
Closing balance as of 31 December 2023	-	(1,046,950,100)	(1,481,314,107)	(9,067,882,136)	(911,989,043)	(660,365,098)	(7,699,278)	(72,588,173)	-	(13,248,787,934)
Carrying value as of 31 December 2023	577,437,912	281,002,091	757,854,030	2,397,547,064	865,564,312	102,939,965	-	34,313,779	845,547,847	5,862,207,001

(Amounts expressed in Turkish Lira (TL))

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Land	Land improvements	Buildings	Plant, machinery and equipment	Motor vehicles	Furniture and fixture	Other tangible assets	Leasehold improvements	Construction in progress	Total
Cost Value										
Opening balance as of 1 January 2022	578,561,583	1,271,375,093	2,230,341,982	11,162,233,559	1,112,960,066	688,102,738	7,699,278	89,772,193	97,820,805	17,238,867,297
Additions	457,684	21,371,255	909,663	154,293,964	231,140,378	35,567,971	-	5,122,014	485,504,596	934,367,525
Disposals	(1,581,356)	(5,224,174)	(3,396,981)	(135,185,696)	(73,306,674)	(1,875,022)	-	(10,625,674)	(42,152,325)	(273,347,901)
Transfers from inventory	-	-	1,239,640	75,980,775	-	910,632	-	-	-	78,131,047
Transfers	-	13,386,724	15,009,988	30,316,673	12,557,136	-	-	-	(71,270,522)	-
Closing balance as of 31 December 2022	577,437,911	1,300,908,899	2,244,104,292	11,287,639,276	1,283,350,906	722,706,319	7,699,278	84,268,533	469,902,555	17,978,017,969
Accumulated Depreciation										
Opening balance as of 1 January 2022	-	(946,644,420)	(1,415,146,023)	(8,449,564,559)	(798,536,261)	(627,737,604)	(7,699,108)	(62,359,427)	-	(12,307,687,403)
Charge for the period	-	(53,871,609)	(46,040,136)	(384,509,065)	(90,543,804)	(17,578,650)	(170)	(7,775,237)	-	(600,318,671)
Disposals	-	754,603	755,911	85,589,371	70,171,995	1,635,919	-	5,152,268	-	164,060,067
Closing balance as of 31 December 2022	-	(999,761,427)	(1,460,430,248)	(8,748,484,253)	(818,908,071)	(643,680,335)	(7,699,278)	(64,982,396)	-	(12,743,946,007)
Carrying value as of 31 December 2022	577,437,911	301,147,472	783,674,044	2,539,155,023	464,442,835	79,025,984	-	19,286,137	469,902,555	5,234,071,962

(Amounts expressed in Turkish Lira (TL))

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The useful lives for property, plant and equipment is as follows:

	Useful lifes
Land Improvements	15-50 years
Buildings	25-50 years
Plant, machinery and equipment	5-25 years
Motor vehicles	4-15 years
Furniture and fixture	3-25 years
Other tangible assets	3-10 years
Leasehold Improvements	5-10 years

Depreciation expense of TL 559,793,207 (31 December 2022: TL 552,708,479) has been charged in cost of goods sold, TL 4,000,836 (31 December 2022: TL 5,550,350) in marketing expenses, TL 55,112,787 (31 December 2022: TL 42,059,842) in general administrative expenses.

As of 31 December 2023, insurance coverage of the Group's assets is TL 29,678,410,037 (31 December 2022: TL 30,830,955,113).

Mortgages Given

As of 31 December 2023 and 2022, the Group has no pledge/mortgage positions.

13. INTANGIBLE ASSETS

Cost Value	Rights	Other intangible assets	Total
Opening balance as of 1 January 2023	421,602,371	2,615,803	424,218,174
Additions	6,233,894	260,619	6,494,513
Closing balance as of 31 December 2023	427,836,265	2,876,422	430,712,687
Accumulated Amortization			
Opening balance as of 1 January 2023	(183,952,491)	(2,510,143)	(186,462,634)
Charge for the period	(14,188,490)	(4,429)	(14,192,919)
Closing balance as of 31 December 2023	(198,140,981)	(2,514,572)	(200,655,553)
Carrying value as of 31 December 2023	229,695,284	361,850	230,057,134

Cost Value	Rights	Other intangible assets	Total
Opening balance as of 1 January 2022	406,619,425	2,615,803	409,235,228
Additions	14,982,946	-	14,982,946
Closing balance as of 31 December 2022	421,602,371	2,615,803	424,218,174
Accumulated Amortization			
Opening balance as of 1 January 2022			
Charge for the period	(172,259,714)	(2,505,714)	(174,765,428)
Closing balance as of 31 December 2022	(11,692,777)	(4,429)	(11,697,206)
Carrying value as of 31 December 2022	(183,952,491)	(2,510,143)	(186,462,634)
	237,649,880	105,660	237,755,540

(Amounts expressed in Turkish Lira (TL))

13. INTANGIBLE ASSETS (cont'd)

Amortization expense of TL 12,837,311 (31 December 2022: TL 10,814,672) has been charged in cost of goods sold, TL 91,748 (31 December 2022: TL 108,602) in marketing and sales expenses, and TL 1,263,860 (31 December 2022: TL 822,972) in general administrative expenses.

The useful lives for intangible assets are as follows:

	Useful life
Rights	4-20 years
Other intangible assets	1-10 years

14 RIGHT-OF-USE ASSETS

The Group's right-of-use asset movements as of the reporting period are as follows:

Cost Value	Land	Port area and pier usage	Vehicles	Buildings	Total
Opening balance as of 1 January 2023	238,558	220,553,281	73,937,052	3,093,206	297,822,097
Disposals regarding operational leases	-	-	(592,172)	-	(592,172)
Closing balance as of 31 December 2023	238,558	220,553,281	73,344,880	3,093,206	297,229,925

Accumulated Amortization	Land	Port area and pier usage	Vehicles	Buildings	Total
Opening balance as of 1 January 2023	(35,784)	(52,902,500)	(19,616,400)	(1,804,370)	(74,359,054)
Amortization for the period	(47,712)	(15,713,219)	(17,923,283)	(773,301)	(34,457,516)
Disposals	-	-	592,172	-	592,172
Closing balance as of 31 December 2023	(83,496)	(68,615,719)	(36,947,511)	(2,577,671)	(108,224,398)
Carrying value as of 31 December 2023	155,063	151,937,562	36,397,368	515,534	189,005,527

Cost Value	Land	Port area and pier usage	Vehicles	Buildings	Total
Opening balance as of 1 January 2022	-	219,577,649	46,658,546	3,093,206	269,329,401
Additions regarding operational leases	238,558	975,632	27,278,506	-	28,492,696
Closing balance as of 31 December 2022	238,558	220,553,281	73,937,052	3,093,206	297,822,097

Accumulated Amortization	Land	Port area and pier usage	Vehicles	Buildings	Total
Opening balance as of 1 January 2022	-	(37,189,280)	(3,608,124)	(1,031,069)	(41,828,472)
Amortization for the period	(35,784)	(15,713,220)	(16,008,276)	(773,301)	(32,530,581)
Closing balance as of 31 December 2022	(35,784)	(52,902,500)	(19,616,400)	(1,804,370)	(74,359,053)
Carrying value as of 31 December 2022	202,774	167,650,781	54,320,652	1,288,836	223,463,044

(Amounts expressed in Turkish Lira (TL))

14. RIGHT-OF-USE ASSETS (cont'd)

Items of right-of-use assets recognized in profit or loss are as follows:

	31 December 2023	31 December 2022
Amortization of assets to operating lease	(34,457,516)	(32,530,581)
Interest expense from lease transactions (Note: 25)	(11,038,085)	(13,397,005)
Exchange losses from lease transactions (Note: 25)	(5,025,606)	(1,467,481)

TL 31,166,376 (2022: TL 29,950,640) of amortization expenses is included in the cost of goods sold, TL 222,746 (2022: TL 300,767) in the marketing and sales expenses and TL 3,068,394 (2022: TL 2,279,175) in the general administrative expenses.

The Group rents land and vehicles for the use of the harbor and pier, concrete batching plant installation. Lease contracts are usually made for fixed periods of 1 to 3 years for concrete batching plants and vehicles, and 18 to 50 years for port and pier use, and may have extension options. Lease terms can be individually negotiated and include a wide variety of different terms and conditions. Lease agreements are subject to contracts, but leased assets cannot be used as a guarantee for borrowing purposes.

In addition, car lease agreements with a usage permit between 2020 and 2023 and borrowing rate discounted with the rate in the initial calculation and measured at their present value, have been accounted for in the consolidated statement of financial position in line with the above explanations.

15. GOODWILL

Cost value	31 December 2023	31 December 2022
Cost value at the beginning of the period	67,426,627	67,426,627
Closing value	24,910,842	24,910,842
Accumulated impairment		
Balance at the beginning of the period	(20,469,740)	(20,469,740)
Closing balance	(20,469,740)	(20,469,740)
Carrying amount		
Beginning of the Period	46,956,887	46,956,887
End of the Period	46,956,887	46,956,887

As of 31 December 2023 and 2022, no impairment has been determined for the goodwill accounted for within the scope of the purchase of Kudret Enerji shares, according to the valuations made by independent valuation experts using the discounted cash flow method.

In accordance with the valuations performed by the independent valuation specialists using the discounted cash flows method as of 31 December 2023, the Group was identified USD 15 million (31 December 2022: USD 15 million) net equity value. The USD-based weighted average cost of capital was calculated as 11.69% for 2023 and after (31 December 2022: 11.69%) and the unit electricity sale prices were held fixed for a 10-year purchase guarantee period and were presumed to increase at the rate of annual average consumer inflation as of the subsequent periods. The estimated electricity production throughout the period was assumed to be 33,000 kWh (31 December 2022: 33,000 kWh).

(Amounts expressed in Turkish Lira (TL))

16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

Short-term other provisions	31 December 2023	31 December 2022
Legal claims and termination provisions	25,538,707	30,756,065
	25,538,707	30,756,065

As of 31 December 2023, TL 25,538,707 for open lawsuits and proceeded against the Parent Company and its subsidiaries (31 December 2022: TL 30,756,065). Lawsuits against the Group generally consist of employee lawsuits.

As of 31 December 2023, total litigation provision amounted to TL 25,538,707 is recognized for the ongoing lawsuits filed against the Parent Company and subsidiaries in the accompanying consolidated financial statements as a result of the evaluation made by the Group management (31 December 2022: TL 30,756,065). The Company management doesn’t expect any cash outflow regarding rest of the cases.

As of 31 December 2023 and 2022, movements of provision for legal claims and termination provisions are as follows:

	1 January-31 December 2023	1 January-31 December 2022
Opening balance	30,756,065	53,970,289
Payments and provisions reversed	(1,424,581)	(2,098,639)
Provisions made during the period (Note: 21)	10,450,535	-
Inflation effect	(14,243,312)	(21,115,585)
Closing balance	25,538,707	30,756,065

Long-term other provisions	31 December 2023	31 December 2022
Land restoration provision	36,450,866	22,405,920
	36,450,866	22,405,920

The Company owns mines in which the ownership belongs to the Company and holds the Company owns mines and land usage rights of mines owned by Treasury of Turkey as of 31 December 2023. To comply with the Communiqué of Ministry of Environment named as “Mining Operations and Recovery of Damaged Land” (Communiqué) which became effective after being published in the Official Gazette on 14 December 2007 and was amended on 23 January 2012, the Company has booked a provision amounting to TL 36,450,866 (31 December 2022: TL 22,405,920) for restoration costs regarding the laying of top soil and re-vegetation of the land in the areas that are reorganized in the mine lands in use, as of 31 December 2023, all the usable areas of the land with mining license. In accordance with the Communiqué, the land shall be restored in two years’ period after the termination of the mining operations. After the completion of such activities, the license holder is permitted to leave the land in the following five years period.

(Amounts expressed in Turkish Lira (TL))

16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

a) Provisions (cont'd)

As of 31 December 2023 and 2022, movements for land restoration are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Opening balance	22,405,920	18,858,988
Charge for the period	29,483,392	10,925,410
Inflation effect	(15,438,446)	(7,378,478)
Closing balance	36,450,866	22,405,920

The change in the provision for land restoration provision is recognized under cost of goods sold.

b) Contingent Assets and Liabilities

As of 31 December 2023, total amount of checks and notes endorsed to third parties is TL 8,693,677 (31 December 2022: TL 14,050,920).

(Amounts expressed in Turkish Lira (TL))

16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

b) Contingent Assets and Liabilities (cont'd)

The Group's guarantees/pledge/mortgage (GPM) are as follows:

31 December 2023		TL Equivalent	TL	US Dollars	Euro
A. Total amount of the GPM's given for its own legal entity					
	-Guarantee	115,738,627	76,631,694	150,000	1,065,000
	-Pledge	-	-	-	-
	-Collaterals	-	-	-	-
B. GPM's given on behalf of fully consolidated companies					
	-Guarantee	31,513,138	24,477,176	-	216,000
	-Pledge	-	-	-	-
	-Collaterals	-	-	-	-
C. GPM's are given on behalf of the third parties' debt for continuation of their economic activities					
	-Guarantee	-	-	-	-
	-Pledge	-	-	-	-
	-Collaterals	-	-	-	-
D. Total amount of other GPM's					
i. Given on behalf of majority shareholder					
	-Guarantee	-	-	-	-
	-Pledge	-	-	-	-
	-Collaterals	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C					
	-Guarantee	-	-	-	-
	-Pledge	-	-	-	-
	-Collaterals	-	-	-	-
iii. Given on behalf of third parties which are not in the scope of C					
	-Guarantee	-	-	-	-
	-Pledge	-	-	-	-
	-Collaterals	-	-	-	-
Total		147,251,765	101,108,870	150,000	1,281,000

As of 31 December 2023, the rate of total amount of other "GPM"s to total equity of the Group is 1%.

(Amounts expressed in Turkish Lira (TL))

16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

b) Contingent Assets and Liabilities (cont'd)

31 December 2022		TL Equivalent	TL	US Dollars	Euro
A. Total amount of the GPM's given for its own legal entity					
	-Guarantee	130,275,647	90,671,794	150,000	1,065,000
	-Pledge	-	-	-	-
	-Collaterals	-	-	-	-
B. GPM's given on behalf of fully consolidated companies					
	-Guarantee	34,056,392	26,961,372	-	216,000
	-Pledge	-	-	-	-
	-Collaterals	-	-	-	-
C. GPM's are given on behalf of the third parties' debt for continuation of their economic activities					
	-Guarantee	-	-	-	-
	-Pledge	-	-	-	-
	-Collaterals	-	-	-	-
D. Total amount of other GPM's					
i. Given on behalf of majority shareholder					
	-Guarantee	-	-	-	-
	-Pledge	-	-	-	-
	-Collaterals	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C					
	-Guarantee	-	-	-	-
	-Pledge	-	-	-	-
	-Collaterals	-	-	-	-
iii. Given on behalf of third parties which are not in the scope of C					
	-Guarantee	-	-	-	-
	-Pledge	-	-	-	-
	-Collaterals	-	-	-	-
Total		164,332,039	117,633,166	150,000	1,281,000

As of 31 December 2022, the rate of total amount of other "GPM"s to total equity of the Group is 1%.

(Amounts expressed in Turkish Lira (TL))

17. EMPLOYEE BENEFITS

Payables related to employee benefits

	31 December 2023	31 December 2022
Social security premiums payable	29,945,379	20,981,915
Due to personnel	26,937,596	18,595,296
	56,882,975	39,577,211

Short-term provision for employee benefits

	31 December 2023	31 December 2022
Provision for seniority incentive bonus	3,513,252	4,730,850
Provision for unused vacation pay liability	16,904,921	19,435,602
	20,418,173	24,166,452

As of 31 December 2023 and 2022, movements of unused vacation is as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Opening balance	19,435,602	12,263,669
Charge for the period	5,109,535	11,970,028
Inflation effect	(7,640,216)	(4,798,095)
Closing balance	16,904,921	19,435,602

Long-term provision for employee benefits

	31 December 2023	31 December 2022
Provision for employee termination benefits	121,392,204	242,438,296
Provision for seniority incentive bonus	36,723,158	42,370,394
	158,115,362	284,808,690

(Amounts expressed in Turkish Lira (TL))

17. EMPLOYEE BENEFITS (cont'd)

Long-term provision for employee benefits (cont'd)

Seniority incentive bonus:

Some subsidiaries of the Group pays additional employee benefits to their employees above certain seniority limits as seniority incentive premiums. These incentive provision is reserved for to promote loyalty to the Company and its subsidiaries. The benefits are provided as follows; employees with 5 year work experience are paid for their 30 days wage, those with 10 year work experience are paid for their 45 days of their gross wage, those with 15 year work experience are paid for their 55 days wage, those with 20 year work experience are paid for their 70 days wage, those with 25 or 30 year work experience are paid for their 75 days wage, for each level of payment with their actual working wage in the month they complete the respective seniority level in the mentioned range.

To calculate the provision for seniority incentive payments, the Group has considered each employees years of service as of the balance sheet date since their job entrance dates and booked a provision for the discounted amount of the future payments as of the reporting date.

As of 31 December 2023 and 2022, movements of seniority incentive bonus are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Opening balance	47,101,243	49,298,429
Provisions / reversals made during the period	14,646,862	31,780,395
Payments	(4,075,845)	(2,892,511)
Inflation effect	(17,435,850)	(31,085,070)
Closing balance	40,236,410	47,101,243

Provision for employment termination benefits

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated without due cause, is called up for military service, dies or achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL 23,489.83 for each period of service as of 31 December 2023 (31 December 2022: TL 15,371.40).

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 *Employee Benefits* stipulates the development of Group's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

(Amounts expressed in Turkish Lira (TL))

17. EMPLOYEE BENEFITS (cont'd)

Long-term provision for employee benefits (cont'd)

Provision for employment termination benefits (cont'd):

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 December 2023, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 3.12% real discount rate (31 December 2022: 2.10%) calculated by using 23.20% annual inflation rate and 27.05% discount rate. Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration as 5.72% for employees with 0-15 years of service, and 0% for those with 15 or more years of service (31 December 2022: 5.72% for 0-15 years; 0% for 15 and more years). Ceiling amount of TL 35,058.58 which is in effect since 1 January 2024 is used in the calculation of Group's provision for retirement pay liability (1 January 2023: TL 19,982.83).

Significant assumptions used in the calculation of employee termination benefit is likely to leave the job depends on the discount rate and demand.

- If the discount rate had been 1% higher (lower), provision for employment termination benefits would decrease / increase by TL 12,946,991 / TL (10,368,859).

- If the inflation rate had been 1% lower / (higher) while all other variables were held constant, provision for employment termination benefits would increase / decrease by TL 2,865,052 / TL (2,643,249).

	1 January- 31 December 2023	1 January- 31 December 2022
Opening balance	242,438,296	158,489,123
Service cost	54,897,188	27,633,371
Interest cost	33,134,756	21,225,843
Termination benefits paid	(116,864,126)	(8,564,120)
Actuarial gain / (loss)	(2,839,108)	105,236,230
Inflation effect	(89,374,802)	(61,582,151)
Closing balance	121,392,204	242,438,296

18. OTHER LIABILITIES

Other current liabilities	31 December 2023	31 December 2022
Calculated VAT	6,403,183	7,762,493
Other liabilities	40,963	100,516
	6,444,146	7,863,009

(Amounts expressed in Turkish Lira (TL))

19. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Share Capital

As of 31 December 2023 and 2022, the share capital held of the Company is as follows:

Shareholders	Share Ratio (%)	31 December 2023	Share Ratio (%)	31 December 2022
Nuh Ticaret Sanayi ve Ticaret A.Ş.	44,13	66,283,864	44,13	66,283,864
Partaş Tekstil İnşaat Sanayi ve Ticaret A.Ş.	16,32	24,515,195	16,32	24,515,195
Other (*)	39,55	59,414,541	39,55	59,414,541
	100,00	150,213,600	100,00	150,213,600
Capital adjustment differences (**)		2,742,139,501		2,742,139,501
		2,892,353,101		2,892,353,101

(*) Represents total of shareholdings less than 5%.

(**) Adjustment to share capital represents the restatement effect of cash and cash equivalent contributions to share capital measured in accordance with the CMB Financial Reporting Standards. Adjustment to share capital has no use other than being transferred to paid-in share capital.

The Company is subject to the capital system. The Company's issued capital assigned to 150,213,600 shares with nominal value of 1 TL each, amounting to TL 150,213,600.

The capital adjustment differences may be used in free capital increase or loss deduction. Furthermore, the inflation adjustment differences arising from legal reserves bearing no annotation to disable profit distribution may be used in profit distribution.

b) Restricted Reserves Appropriated from Profit

	31 December 2023	31 December 2022
Legal reserves	2,802,927,506	2,643,689,237
	2,802,927,506	2,643,689,237

The Company reserves 5% of the historical statutory profit as first legal reserve, until the total reserve reaches 20% of the historical paid in share capital. The other legal reserve is appropriated at the rate of 10% per annum of all cash dividend distributions after the payment of dividends to the shareholders at a rate of 5%. According to Turkish Commercial Law, general legal reserves can only be used if it does not exceed the capital or issued capital for close the losses, continue the business when business is not going well or end the unemployment and to take suitable precautions to reduce the results of unemployment.

(Amounts expressed in Turkish Lira (TL))

19. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont’d)

b) Restricted Reserves Appropriated from Profit (cont’d)

Dividend Distribution:

Listed companies distribute dividends according to the Communique numbered II-19.1 and published on 1 February 2014 in the Official Gazette.

Shareholders 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 legislation, by the decision of the general assembly. Within the scope of the communiqué, a minimum distribution rate has not been determined. Companies pay dividends as specified in their articles of association or profit distribution policies.

The Company's weighted average of shares did not change compared to the previous year, and earnings per share were realized as TL 13.41 (31 December 2022: TL 14,31)

On 1 March 2023, the Group paid a total indexed gross dividend of TL 1,011,852,605 (nominal TL 690,982,560), indexed gross TL 6.74 (nominal TL 4.60) per share (In March 2022, the Group paid a total indexed gross dividend of TL 711,801,182 (nominal TL 322,959,240), indexed gross TL 4.74 (nominal TL 2.15) per share). On 7 December 2023, a total indexed gross dividend of TL 0.90 (nominal TL 0.90) per share (nominal TL 0.90) and a total indexed gross dividend of TL 150,213,059 (nominal TL 150,213,059) was paid to shareholders.

Funds Subject to Profit Distribution:

Accumulated losses of companies including previous year’s earnings, related premiums, legal reserves, share capital inflation adjustments are taken into account as deduction in calculation of current year distributable net income. In order to distribute dividends to the holders of dividend shares, privileged shareholders, to the members of the board of directors or to the employees, there has to be a provision in the articles of association. If there is no specific rate in terms of dividend distribution in the articles of association, dividends to be distributed to those cannot exceed one-fourth of dividends distributed to shareholders with the exception of privileged situations.

20. REVENUE AND COST OF SALES

Revenue

	1 January- 31 December 2023	1 January- 31 December 2022
Foreign sales	5,543,208,079	8,297,506,216
Domestic sales	7,825,574,464	6,324,742,251
Domestic energy sales	51,504,031	75,257,827
Other sales	575,184	693,557
Sale returns (-)	(179,888)	(1,646,790)
Sale discounts (-)	(24,173,911)	(26,708,970)
	13,396,507,959	14,669,844,091

(Amounts expressed in Turkish Lira (TL))

20. REVENUE AND COST OF SALES (cont'd)

Cost of Sales

	1 January-31 December 2023	1 January-31 December 2022
Cost of goods sold	(9,200,652,900)	(10,351,872,765)
Cost of merchandise sold	(103,805,843)	(490,047,743)
Cost of service provided	(273,559,722)	(248,726,354)
Amortization and depreciation expenses (Note: 12 and 13)	(603,796,894)	(593,473,791)
Other sales expenses	(13,610,862)	(6,487,640)
	(10,195,426,221)	(11,690,608,293)

21. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

	1 January-31 December 2023	1 January-31 December 2022
General administrative expenses	(573,775,680)	(426,004,635)
Marketing expenses	(324,628,475)	(359,113,842)
Research and development expenses	(19,817,529)	(561,904)
	(918,221,684)	(785,680,381)

a) Details of General Administrative Expenses

	1 January-31 December 2023	1 January-31 December 2022
Personnel and premium expenses	(363,448,553)	(229,354,669)
Depreciation and amortization expenses (Note: 12, 13 and 14)	(59,445,040)	(45,161,988)
Office, electricity, water, natural gas and communication expenses	(23,267,975)	(28,674,960)
Taxes, duties and fees	(27,667,270)	(26,726,288)
Outsourced benefits	(29,683,421)	(21,809,851)
Doubtful trade receivables expenses (Note: 6)	(11,948,294)	(29,721,853)
Consultancy expenses	(13,764,703)	(12,366,544)
Maintenance and repairment expenses	(6,440,601)	(6,348,579)
Consultancy and audit expenses	(2,191,717)	(5,699,057)
Insurance expenses	(6,135,403)	(4,607,423)
Rent expenses	(887,469)	(3,421,871)
Changes in litigation provision (Note: 16)	(10,450,535)	-
Other expenses	(18,444,699)	(12,111,552)
	(573,775,680)	(426,004,635)

(Amounts expressed in Turkish Lira (TL))

21. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (cont'd)

b) Details of Marketing Expenses

	1 January- 31 December 2023	1 January- 31 December 2022
Exportation expenses	(187,014,212)	(253,887,752)
Personnel and premium expenses	(84,375,826)	(57,042,055)
Taxes, duties and fees	(21,399,728)	(8,045,476)
Representation and hospitality expenses	(7,023,949)	(8,727,567)
Depreciation and amortization expenses (Note: 12, 13 and 14)	(4,315,330)	(5,959,719)
Maintenance and repairment expenses	(3,238,203)	(3,240,966)
Transportation and travel expenses	(2,309,853)	(500,860)
Outsourced benefits	(1,367,252)	(3,228,804)
Other expenses	(13,584,122)	(18,480,643)
	(324,628,475)	(359,113,842)

22. EXPENSES BY NATURE

	1 January- 31 December 2023	1 January- 31 December 2022
Cost of goods sold	(9,200,652,900)	(10,351,872,765)
Depreciation and amortization expenses (Note: 12, 13, 14)	(695,156,353)	(644,595,498)
Personnel and premium expenses	(467,641,908)	(286,958,628)
Cost of service given	(273,559,722)	(248,726,354)
Exportation expenses	(187,014,212)	(253,887,752)
Cost of trade goods sold	(103,805,843)	(490,047,743)
Taxes, duties and fees	(49,066,998)	(34,771,764)
Outsourced benefits	(31,050,673)	(25,038,655)
Office expenses	(23,267,975)	(28,674,960)
Consultancy expenses	(13,764,703)	(12,366,544)
Changes in doubtful provisions (Note: 6)	(11,948,294)	(29,721,853)
Changes in litigation provision (Note: 15)	(10,450,535)	-
Maintenance and repairment expenses	(9,678,804)	(9,589,545)
Representation and hospitality expenses	(7,023,949)	(8,727,567)
Insurance expenses	(6,135,403)	(4,607,423)
Transportation expenses	(2,309,853)	(500,860)
Consultancy and audit expenses	(2,191,717)	(5,699,057)
Rent expenses	(887,469)	(3,421,871)
Other expenses	(25,822,154)	(64,151,627)
	(11,121,429,465)	(12,503,360,466)

(Amounts expressed in Turkish Lira (TL))

22. EXPENSES BY NATURE (cont'd)

Fees for services received from an independent audit firm

Based on the Board Decision of the Public Oversight, Accounting and Auditing Standards Authority published in the "POA" Official Gazette, the fees related to the services received by the Group from the independent auditor/independent audit firm as of the reporting period are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Independent audit fee for the reporting period	3,000,000	1,524,149
Fee for other assurance services	-	41,193
	3,000,000	1,565,342

23. INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for the years ended 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Foreign exchange gains from trade receivables and payables	147,319,669	124,689,944
Scrap sales income	19,956,516	21,186,165
Insurance income	7,225,881	19,181,243
Rediscount income	10,058,553	508,468
Interest income	59,608	116,167
Other income	16,593,834	10,746,410
	201,214,061	176,428,397

The details of other expenses from operating activities for the years ended 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Foreign exchange losses from trade receivables and payables	(97,613,057)	(81,363,681)
Donations and grants (*)	(40,805,673)	(18,703,096)
Accident and damage expenses	(10,898,258)	(11,150,992)
Rediscount expenses	(9,806,777)	(3,241,245)
Compensation and fine expenses	(1,647,918)	(1,953,620)
Other expenses	(8,024,062)	(12,294,462)
	(168,795,745)	(128,707,096)

(*) It consists of donations made to the Nuh Çimento Eğitim ve Sağlık Vakfı, which was established as publicly beneficial foundation by the decision of the Council of Ministers, and other public benefits.

(Amounts expressed in Turkish Lira (TL))

24. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

The details of income from investing activities for the years ended 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Rent income (*)	155,804,888	168,487,890
Profit on sale of fixed assets	74,644,040	9,535,536
Profit on sale of investment property	-	8,252,203
Interest income from financial investments	13,362,471	29,096,760
Foreign exchange gains from financial investments	40,953,645	142,577,517
Other	931,197	159,098
	285,696,241	358,109,004

(*) Includes the rent income from investment properties.

The details of expenses from investing activities for the years ended 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Depreciation expenses from investment property	(27,599,089)	(27,633,696)
Real estate tax for investment property	(4,739,849)	(5,093,910)
Loss on sale of fixed assets	(4,870)	(44,594,001)
Securities losses	(3,493,586)	(3,909,491)
	(35,837,394)	(81,231,098)

25. FINANCE INCOME AND EXPENSES

The details of income from finance activities for the years ended 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Foreign exchange gains	664,591,158	419,583,497
Interest income	171,314,405	72,056,824
Maturity difference income	23,898,509	3,235,713
Interest income from trade receivables	-	2,451,010
Other financial income	-	7,282,559
	859,804,072	504,609,603

(Amounts expressed in Turkish Lira (TL))

25. FINANCE INCOME AND EXPENSES (cont'd)

The details of expenses from finance activities for the years ended 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Foreign exchange losses	(835,481,759)	(383,668,396)
Interest expenses	(154,780,628)	(199,407,639)
Interest expense of TFRS 16 (Note: 14)	(11,038,085)	(13,397,005)
Exchange losses of TFRS 16 (Note: 14)	(5,025,606)	(1,467,481)
Other interest and commission expenses	(23,914,651)	(25,221,819)
	(1,030,240,729)	(623,162,340)

26. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Corporate Tax

The Group, its subsidiaries established in Turkey and other countries, associates and joint ventures are subject to the tax legislation and practices in the countries which they are operating.

In Turkey, the corporate tax rate is 25%. However, within the scope of the Law No. 7316 on the "Law on the Collection of Public Claims and Amendments to Some Laws" published in the Official Gazette dated 22 April 2021, this rate will be applied as 25% for the corporate earnings of the 2022 taxation period, starting from the declarations that must be submitted as of 1 July 2021 (31 December 2022: 23%).

This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation and by addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation. Corporate tax is required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one instalment by the end of the fourth month.

Companies calculate a temporary tax of 25% on their quarterly financial profits and declare until the 14th day of the second month following that period and pay it until the seventeenth day. The paid temporary tax within the year is deducted from the corporate tax to be calculated over the corporate tax declaration to be given the following year. If there is a temporary tax remaining despite the offset, this amount may be refunded in cash or deducted from any other financial debt against the state.

Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

(Amounts expressed in Turkish Lira (TL))

26. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Corporate Tax (cont'd)

10% withholding applies to dividends distributed by resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations and non-resident corporations exempted from income and corporation tax.

Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis. As of 31 December 2023, current income tax payables have been offset against the prepaid taxes in entity basis and have been classified separately in the consolidated financial statements. Offset taxes and corporate tax provision are shown as follows:

Investment Incentives

The revoked phrase "only attributable to "2006, 2007 and 2008" stated in Provisional Article 69 of Income Tax Law No:193 with the effect of Article 5 of Law No:6009 after having published in the Official Gazette No: 27659 as at 1 August 2010 and the Constitutional Court's issued resolution no: 2009/144 published in the Official Gazette as at 8 January 2010 has been revised. The revised regulation allows companies to continue to benefit from the exception of undeductible and carry forward investment incentive due to insufficient earnings irrespective of having any time constraints. However, deductible amount for investment incentive exception used in the determination of tax base cannot exceed 25% of the related period's income. In addition, companies that opt to use the investment incentive exemption are allowed to apply (25%) of income tax, instead of 30% under the related revised regulation.

The additional paragraph to Provisional Article 69 included in accordance with Law No: 6009, which is related to the 25% threshold and requires the incentive amount that will be subject to investment incentive exemption in determining tax base cannot exceed 25% of the respective income, has been revoked based on the ground that it is contrary to the Constitution upon the Constitutional Court's resolution No: E. 2010/93 K. 2012/9 ("stay of execution") issued on 9 February 2012 and published in the Official Gazette No: 28208 on 18 February 2012. The related Constitutional Court's decision was published in the official Gazette No: 28719 as at 26 July 2013.

Current tax liability	31 December 2023	31 December 2022
Current corporate tax provision	525,420,934	517,389,332
Less: prepaid taxes and funds	(386,232,330)	(449,970,995)
	139,188,604	67,418,337

(Amounts expressed in Turkish Lira (TL))

26. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Corporate Tax (cont'd)

As of 31 December 2023 and 2022, the distribution of consolidated tax expense is as follows:

	31 December 2023	31 December 2022
Corporate tax (-)	(601,417,405)	(575,973,050)
Deferred tax income	316,686,826	578,826,747
	(284,730,579)	2,853,697

Tax recognized directly in equity

	1 January - 31 December 2023		
	Before tax amount	Tax expense/ income	Net of tax amount
Remeasurement Losses of Defined Benefit Plans	2,839,108	(567,822)	2,271,286
Portion of Other Comprehensive Income from Investments Valued by Equity Method	1,077,369,665	(53,868,483)	1,023,501,182
Other comprehensive income during the period	1,080,208,773	(54,436,305)	1,025,772,468

	1 January - 31 December 2022		
	Before tax amount	Tax expense/ income	Net of tax amount
Remeasurement Losses of Defined Benefit Plans	(105,236,230)	21,047,246	(84,188,984)
Portion of Other Comprehensive Income from Investments Valued by Equity Method	567,113,346	(28,355,667)	538,757,679
Other comprehensive income during the period	461,877,116	(7,308,421)	454,568,695

Deferred Tax:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and they are given below.

The tax rate used in the calculation of deferred tax assets and liabilities is 25% over the temporary timing differences expected to reverse in 2023 (2022: 20%), and 25% over the temporary timing differences expected to reverse after 2023 (2022: 20%).

(Amounts expressed in Turkish Lira (TL))

26. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Deferred Tax (cont'd):

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis. Details of deferred tax assets, liabilities, income and expenses and temporary differences that form the basis of deferred tax calculations are stated below:

	31 December 2023	31 December 2022
Temporary diffrences from property, plant and equipment and intangible assets	196,254,171	46,461,176
Receivable rediscount	(1,739,237)	891,388
Provision for employment termination benefits	30,378,951	48,487,659
Seniority incentive bonus	10,059,103	9,420,249
Unused vacation liability	4,226,230	3,887,120
Provision for landscaping of mine sites	9,112,717	4,481,184
Provision for doubtful receivables (including TFRS 9 impact)	12,119,354	13,654,779
Provision for legal claims	6,384,677	6,151,213
Temporary diffrences from inventories	1,310,477	(646,872)
Expected credit losses from demand and time deposits - TFRS 9	460,616	607,176
Deductible prior years' losses	1,280,257	-
Borrowings from right-of-use assets and lease transactions	2,319,619	2,273,307
Financial asset value increases and other	114,331,443	2,399,184
	386,498,376	138,067,564
Less: Provision for deferred tax asset	(1,280,257)	-
Deferred tax asset	1,792,894,083	1,088,965,964
Deferred tax liability	(1,407,675,964)	(950,898,400)
Deferred tax liability, net	385,218,119	138,067,564

(Amounts expressed in Turkish Lira (TL))

26. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Deferred tax (cont'd):

Movement of deferred tax (assets) / liabilities as of 31 December 2023 is as follows:

Movement of deferred tax liabilities:	1 January- 31 December 2023	1 January- 31 December 2022
Opening balance as of 1 January	138,676,182	(433,450,762)
Charged to statement of income	316,686,826	578,826,747
Inflation effect	(15,708,584)	-
Currency protected deposit tax effect recognized in the income statement	-	608,618
Charged to equity	(54,436,305)	(7,308,421)
Closing balance	385,218,119	138,676,182

The reconciliation of period tax expense to period profit is as follows:

Income tax reconcilation:	1 January- 2023	1 January- 2022
Profit before tax from operating activities	2,298,974,077	2,146,098,839
Income tax rate	25%	23%
Expected taxation expense	(574,743,519)	(436,330,142)
Tax effect of:		
- Non-deductible expenses	(20,433,638)	(27,797,972)
- Discount and donations	19,861,305	20,944,405
- Reduced tax effect within the scope of the incentive	99,843,521	45,297,904
- Tax expenses incurred within the scope of tax incentives	-	11,233,037
- Inflation valuation effect on tax records of property, plant and equipment	190,741,753	390,115,083
- The tax incentive effect of currency-protected deposits	-	(608,618)
Tax expense in the statement of profit or loss	(284,730,578)	2,853,697

27. EARNINGS PER SHARE

Earnings per share are calculated by dividing net profit by the weighted average number of shares that have been outstanding during the year.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings on equity items. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year.

(Amounts expressed in Turkish Lira (TL))

27. EARNINGS PER SHARE (cont'd)

Earnings per share are determined by dividing net income of the shareholders by the weighted average number of shares that have been outstanding during the related year.

	1 January- 31 December 2023	1 January- 31 December 2022
Profit for the period	2,014,243,498	2,148,952,536
Weighted average number of ordinary shares	150,213,600	150,213,600
(TL 1 nominal value per share earnings per share)	13,41	14,31

28. FINANCIAL INSTRUMENTS

Financial Investments

	Short-term		Long-term	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Financial assets at fair value through profit or loss				
a) Eurobonds	54,695,174	225,144,559	-	-
b) Non-listed company shares	-	-	136,205	136,205
Financial assets at fair value through other comprehensive income				
d) Non-listed company shares	-	-	2,928,055,079	1,829,205,093
Financial assets at amortized cost				
e) Term deposits with a maturity of more than 3 months	-	18,892,683	-	-
	54,695,174	244,037,242	2,928,191,284	1,829,341,298

a) Eurobonds:

	31 December 2023			
	Nominal Value	Carrying Value	Change	Profit / (Loss)
Eurobonds	53,478,126	54,695,174	1,217,048	1,217,048
	53,478,126	54,695,174	1,217,048	-

	31 December 2022			
	Nominal Value	Carrying Value	Change	Profit / (Loss)
Eurobonds	243,108,039	225,144,559	(17,963,480)	(17,963,480)
	243,108,039	225,144,559	(17,963,480)	(17,963,480)

As of 31 December 2023, the Company's financial investments, whose fair value changes are reflected in profit or loss, consist of funds issued by the Private Sector and traded in the international market.

(Amounts expressed in Turkish Lira (TL))

28. FINANCIAL INSTRUMENTS (cont'd)

Financial Investments (cont'd)

b) Non-listed company shares:

Shareholders	Participation Rate (%)	31 December 2023	Participation Rate (%)	31 December 2022
Cementos Esfera S.A.	10	2,433,770	10	2,433,760
Çimpaş Çimento ve İnşaat Mlz. Paz. A.Ş. (*)	12,07	90,912	12,07	90,900
Kosbaş Kocaeli Serbest Bölgesi (*)	<1	37,501	<1	37,500
Antalya Güç Birliği (*)	<1	7,806	<1	7,805
		2,569,989		2,569,965
Impairment provision - Cementos Esfera S.A.		(2,433,770)		(2,433,770)
		136,219		136,205

(*) As of 31 December 2023 and 31 December 2022, Çimpaş Çimento ve İnşaat Mlz. Paz. A.Ş., Cementos Esfera SA, Antalya Güç Birliği and Kosbaş Kocaeli Serbest Bölgesi, which are the Company's assets at fair value through other comprehensive income, do not significantly affect the consolidated financial statements and it is not possible to calculate the fair values of these investments in a reasonable manner, these financial non-current assets are carried at their cost in the consolidated statement of financial position.

c) Listed company shares:

Shares	31 December 2023	31 December 2022
Oyak Çimento Fabrikaları A.Ş.	2,928,055,079	1,829,205,093
	2,928,055,079	1,829,205,093

d) Time deposits with a maturity of more than 3 months:

As of 31 December 2023, the Group has no time deposits with maturities longer than 3 months (31 December 2022: TL 18,892,683).

(Amounts expressed in Turkish Lira (TL))

28. FINANCIAL INSTRUMENTS (cont'd)

Financial Liabilities

	31 December 2023	31 December 2022
Short-term bank borrowings	647,640,400	1,066,816,715
Short-term portion of long-term borrowings	257,129,048	649,654,292
Short-term portion of long-term lease liabilities	9,713,501	10,214,913
Total short-term borrowings	914,482,949	1,726,685,920
Long-term bank borrowings	1,541,818,976	345,833,169
Long-term lease liabilities	52,887,165	70,929,602
Total financial borrowings	2,509,189,090	2,143,448,691

As of 31 December 2023 and 2022, details of the short and long-term borrowings which are Group used are stated below:

		31 December 2023	
Currency	Interest Rate (%)	Current	Non-Current
Euro	4.50-8.50	-	651,478,000
TL	8.5	4,857,143	3,078,571
USD	6.40-8.87	899,912,305	887,262,405
		904,769,448	1,541,818,976

		31 December 2022	
Currency	Interest Rate (%)	Current	Non-Current
Euro	4.50-8.07	221,320,160	328,473,166
USD	8.50-15.50	416,810,135	17,360,003
TL	2.75-8.75	1,078,340,711	-
		1,716,471,006	345,833,169

Maturity of borrowings are stated below:

	31 December 2023			31 December 2022		
	Bank Borrowings	Lease Liabilities	Total Borrowings	Bank Borrowings	Lease Liabilities	Total Borrowings
To be paid within 1 year	904,769,448	9,391,369	914,160,817	1,716,471,008	10,214,913	1,726,685,921
To be paid between 1-2 years	636,832,206	4,249,087	641,081,293	82,386,459	14,135,450	96,521,909
To be paid between 2-3 years	590,979,304	3,198,756	594,178,060	263,446,709	5,087,705	268,534,414
To be paid between 3-4 years	157,003,733	3,721,657	160,725,390	-	3,409,466	3,409,466
To be paid between 4-5 years	157,003,733	4,371,079	161,374,812	-	3,933,764	3,933,764
To be paid between 5+ years	-	37,668,718	37,668,718	-	44,363,217	44,363,217
	2,446,588,424	62,600,666	2,509,189,090	2,062,304,176	81,144,515	2,143,448,691

(Amounts expressed in Turkish Lira (TL))

28. FINANCIAL INSTRUMENTS (cont'd)

Financial Liabilities (cont'd)

Reconciliation of liabilities from finance activities and lease transactions are stated below:

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non–cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes				
	1 Ocak 2023	Financing cash-flows (net)	Interest accrual adjustment	Foreign currency movement	New lease liabilities	Inflation effect	31 December 2023
Bank loans	2,062,304,176	(221,716,395)	(15,503,197)	835,481,759	-	(213,977,918)	2,446,588,424
Lease liabilities	81,144,515	(19,743,054)	(2,358,920)	5,025,606	-	(1,467,481)	62,600,666
	2,143,448,691	(241,459,449)	(17,862,117)	840,507,365	-	(215,445,399)	2,509,189,090

			Non-cash changes				
	1 January 2022	Financing cash-flows (net)	Interest accrual adjustment	Foreign currency movement	New lease liabilities	Inflation effect	31 December 2022
Bank loans	1,949,633,988	(124,352,094)	(25,545,071)	383,668,396	-	(121,101,043)	2,062,304,176
Lease liabilities	67,636,324	(25,506,988)	11,989,965	1,467,481	28,492,695	(2,934,962)	81,144,515
	2,017,270,312	(149,859,082)	(13,555,106)	385,135,877	28,492,695	(124,036,005)	2,143,448,691

The Group uses foreign exchange derivatives to hedge its future significant transactions and cash flows from financial risk. The Group is a party to various foreign currency forwards transactions and options depending on the management of exchange rate fluctuations. The derivative instruments purchased are mainly denominated in foreign currencies in which the Group operates.

The Group's main financial instruments consist of bank loans, cash and short-term deposits. The main purpose of these financial instruments is to finance the Group's operations. The Group also has other financial instruments, such as trade payables and trade receivables, arising directly from its operations.

29. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 28, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Group determines the amount of share capital in proportion to the risk level. The equity structure of the Group is arranged in accordance with the economic outlook and the risk attributes of assets.

(Amounts expressed in Turkish Lira (TL))

29. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

a) Capital risk management (cont'd)

The Group monitors capital management by using the debt/equity ratio. This ratio is calculated by dividing the debt, net, by the total share capital. The net debt is calculated by deducting the value of cash and cash equivalents from the total debt. The total share capital is the sum of all equity items stated in the statement of consolidated financial position.

During 2023, the Group's strategy, which was unchanged from 2022 was to maintain the gearing ratio which is calculated by financial liabilities minus cash and cash equivalents and short-term financial liabilities. The gearing ratios at 31 December 2023 and 2022 were as follows:

	31 December 2023	31 December 2022
Financial Liabilities (Note: 29)	2,509,189,090	2,143,448,691
Less: Cash and Cash Equivalents and Short-Term Investments (Note: 34)	(3,125,656,431)	(2,128,555,290)
Net Debt	(616,467,341)	14,893,401
Total Equity	13,411,675,656	11,533,725,354
Total Capital	12,795,208,315	11,548,618,755
Gearing Ratio	(4.82)%	0,13%

b) Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out under policies approved by the board of directors. The Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

b.1) Credit risk management

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group monitors the credibility of the parties with whom they perform transactions and also takes into account the credit rating of the related instruments when making the investment preference. The credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously updated, and the aggregate value of transactions with related parties concluded is spread amongst approved counterparties.

29. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Factors (cont'd)

b.1) Credit risk management (cont'd)

Before accepting any new customer, credit limits by customer are determined and defined after the assessment of the potential customer's credit quality.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. The Group's trade receivables cover a large number of customers within the majority and the construction sector. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased. Additionally, the Group management evaluates the trade payables and financial assets on a customer and asset basis at the end of the period and ensures that the required provisions for the non-collectible amounts are reflected in the consolidated financial statements.

Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As of 31 December 2023, the maximum risks that the Group may be exposed to as a result of the failure of the counterparties to fulfill their obligations arise from the following factors:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

In order to minimize the credit risk, the Group has performed credit ratings considering the default risks of the counterparties and categorized the related parties. The Group's current credit risk rating methodology includes the following categories:

Category	Description	Basis for recognizing expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit–impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit–impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

(Amounts expressed in Turkish Lira (TL))

29. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Factors (cont'd)

b.1) Credit risk management (cont'd)

Credit risk exposure based on financial instrument categories	Receivables						
	Trade Receivables		Other Receivables				
31 December 2023	Related Party	Third Party	Related Party	Third Party	Checks with maturity less than three months	Financial Investments	Deposits in Banks
Minimum credit risk exposure at the balance sheet date (*)	4,260,938	1,461,882,359	-	20,274,962	180,520,037	2,982,886,458	2,886,687,024
- Secured portion of minimum credit risk via guarantee or etc. (**)	-	938,109,361	-	-	-	-	-
A. Net book value of not due or not impaired financial assets	4,260,938	988,820,720	-	20,274,962	180,520,037	2,982,886,458	2,886,687,024
B. Net book value of assets that are due but not impaired	-	473,061,638	-	-	-	-	-
- Overdue (gross book value)	-	473,061,638	-	-	-	-	-
- Secured net value via guarantee or etc.	-	155,130,848	-	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-	-
- Overdue (gross book value)	-	79,028,219	-	1,498,878	-	-	-
- Impairment (-)	-	(79,028,219)	-	(1,498,878)	-	-	-
- Secured net value via guarantee or etc.	-	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured net value via guarantee or etc.	-	-	-	-	-	-	-
D. Off balance sheet items bearing credit risk	-	-	-	-	-	-	-

(*) The factors that increase the credit reliability, such as guarantees received are not considered in the determination of the balance.
(**) Guarantees consist of guarantee *letters, guarantee notes, and mortgages* obtained from the customers.

(Amounts expressed in Turkish Lira (TL))

29. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Factors (cont'd)

b.1) Credit risk management (cont'd)

Credit risk exposure based on financial instrument categories	Receivables						
	Trade Receivables		Other Receivables				
31 December 2022	Related Party	Third Party	Related Party	Third Party	Checks with maturity less than three months	Financial Investments	Deposits in Banks
Minimum credit risk exposure at the balance sheet date (*)	-	1,444,612,546	-	258,306,112	99,985,326	2,054,485,857	1,803,364,678
- Secured portion of minimum credit risk via guarantee or etc. (**)	-	727,211,649	-	-	-	-	-
A. Net book value of not due or not impaired financial assets	-	2,171,824,195	-	258,306,112	99,985,326	2,054,485,857	1,803,364,678
B. Net book value of assets that are due but not impaired	-	241,799,043	-	-	-	-	-
- Overdue (gross book value)	-	45,295,038	-	-	-	-	-
- Secured net value via guarantee or etc.	-	208,598,396	-	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-	-
- Overdue (gross book value)	-	136,441,417	-	2,469,745	-	-	-
- Impairment (-)	-	(136,441,417)	-	(2,469,745)	-	-	-
- Secured net value via guarantee or etc.	-	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured net value via guarantee or etc.	-	-	-	-	-	-	-
D. Off balance sheet items bearing credit risk	-	-	-	-	-	-	-

(*) The factors that increase the credit reliability, such as guarantees received are not considered in the determination of the balance.
(**) Guarantees consist of *guarantee letters, guarantee notes, and mortgages* obtained from the customers.

(Amounts expressed in Turkish Lira (TL))

29. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Factors (cont'd)

b.1) Credit risk management (cont'd)

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group, aiming to decrease credit risk by transacting only with parties who has credit assurance and where possible, obtaining sufficient guarantee. Credit risks which the Group is exposed, and credibility of customers are being watched continuingly. Credit risk is being controlled by the risk management committee through limits which are determined and annually controlled by the management.

Trade receivables comprise lots of customers spreaded to construction sector and geographic segments. Credit assessments are continuingly performed for trade receivables balances from customers and receivables are insured where necessary.

Aging of overdue receivables is as follows:

	Trade Receivables	
	31 December 2023	31 December 2022
Past due up to 1-90 days	458,456,997	222,000,140
Past due 3-6 months	908,231	4,076,479
Past due 6-9 months	493	812
Past due over 1 year	13,695,917	15,721,612
Total overdue receivables	473,061,638	241,799,043
Secure portion with guarantee letter	(155,130,848)	(208,598,396)
	317,930,790	33,200,647

b.2) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. As of reporting date, the Group has no unused borrowings to decrease liquidity risk level.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities and its derivative financial instruments. The tables below have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

(Amounts expressed in Turkish Lira (TL))

29. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.2) Liquidity risk management (cont'd)

31 December 2023

Due dates on agreement	Carrying Value	Cash outflows according to agreements (I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
Non-derivative financial instruments					
Bank loans	2,446,588,424	2,812,020,834	44,325,269	1,018,925,439	1,748,770,126
Lease liabilities	62,600,666	138,661,945	6,985,236	10,912,467	120,764,242
Trade payables	811,772,248	811,772,248	811,772,248	-	-
Other payables	58,585,064	58,585,064	58,585,064	-	-
Payables related to employee benefits	56,882,975	56,882,975	56,882,975	-	-
Total liabilities	3,436,429,377	3,877,923,066	978,550,792	1,029,837,906	1,869,534,368

31 December 2022

Due dates on agreement	Carrying Value	Cash outflows according to agreements (I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
Non-derivative financial instruments					
Bank loans	2,062,304,176	2,191,831,888	143,522,468	1,671,738,840	376,570,580
Lease liabilities	81,144,515	228,477,334	11,509,777	17,980,790	198,986,766
Trade payables	1,062,507,947	1,062,507,948	1,062,507,948	-	-
Other payables	47,187,049	47,187,048	47,187,049	-	-
Payables related to employee benefits	39,577,211	39,577,211	39,577,211	-	-
Total liabilities	3,292,720,898	3,569,581,429	1,304,304,453	1,689,719,630	575,557,346

b.3) Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Market risk exposures are supplemented by sensitivity analysis.

There is no change in Group's exposure to the market risks and the methods that the Group's measurement and management of these market risks.

(Amounts expressed in Turkish Lira (TL))

29. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.3) Market risk management (cont'd)

b.3.1) Foreign currency risk management

Transactions denominated in foreign currencies result in foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary and non-monetary assets and monetary and non-monetary liabilities at the reporting period are as follows:

	31 December 2023				
	TL Equvalent (Fuctional currency)	**US Dollars**	**Euro**	**GBP**	**CHF**
1. Trade Receivables	297,105,353	10,084,998	6,789	-	-
2a. Monetary Financial Assets	2,401,488,059	78,574,786	2,708,279	4,503	-
2b. Non-Monetary Financial Assets	-	-	-	-	-
4. CURRENT ASSETS	**2,698,593,412**	**88,659,784**	**2,715,068**	**4,503**	**-**
6a. Monetary Financial Assets	-	-	-	-	-
8. NON-CURRENT ASSETS	**-**	**-**	**-**	**-**	**-**
9. TOTAL ASSETS	**2,698,593,412**	**88,659,784**	**2,715,068**	**4,503**	**-**
10. Trade Payables	(165,318,234)	(3,631,837)	(1,792,953)	-	-
11. Financial Liabilities	(864,820,453)	(29,377,491)	-	-	-
12a. Monetary Other Liabilities	(15,350,557)	(521,450)	-	-	-
13. CURRENT LIABILITIES	**(1,045,489,244)**	**(33,530,778)**	**(1,792,953)**	**-**	**-**
15. Financial Liabilities	(1,538,740,402)	(30,139,832)	(20,000,000)	-	-
16b. Monetary Other Liabilities	-	-	-	-	-
17. NON-CURRENT LIABILITIES	**(1,538,740,402)**	**(30,139,832)**	**(20,000,000)**	**-**	**-**
18. TOTAL LIABILITIES	**(2,584,229,646)**	**(63,670,611)**	**(21,792,953)**	**-**	**-**
20. Net foreign currency asset / (liability) position (9+18)	**114,363,766**	**24,989,173**	**(19,077,885)**	**4,503**	**-**
21. Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	**114,363,766**	**24,989,173**	**(19,077,885)**	**4,503**	**-**
23. Import	**1,814,439,430**	**68,722,097**	**6,965,547**	**8,020**	**-**
24. Export	**4,642,946,548**	**194,013,825**	**1,055,657**	**-**	**-**

(Amounts expressed in Turkish Lira (TL))

29. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.3) Market risk management (cont'd)

b.3.1) Foreign currency risk management (cont'd)

	31 December 2022				
	TL Equvalent (Fuctional currency)	**US Dollars**	**Euro**	**GBP**	**CHF**
1. Trade Receivables	2,880,183	93,048	408	-	-
2a. Monetary Financial Assets	1,851,269,180	50,693,577	8,805,589	4,683	-
2b. Non-Monetary Financial Assets	-		-	-	-
4. CURRENT ASSETS	**1,854,149,363**	**50,786,625**	**8,805,997**	**4,683**	**-**
6a. Monetary Financial Assets	-	-	-	-	-
8. NON-CURRENT ASSETS	**-**	**-**	**-**	**-**	**-**
9. TOTAL ASSETS	**1,854,149,363**	**50,786,625**	**8,805,997**	**4,683**	**-**
10. Trade Payables	(155,469,209)	(2,586,216)	(2,293,537)	(4,788)	(8,250)
11. Financial Liabilities	(1,299,660,868)	(35,000,000)	(6,737,846)	-	-
12a. Monetary Other Liabilities	(16,065,745)	(521,450)	-	-	-
13. CURRENT LIABILITIES	**(1,471,195,822)**	**(38,107,666)**	**(9,031,383)**	**(4,788)**	**(8,250)**
15. Financial Liabilities	(328,473,166)	-	(10,000,000)	-	-
16b. Monetary Other Liabilities	-	-	-	-	-
17. NON-CURRENT LIABILITIES	**(328,473,166)**	**-**	**(10,000,000)**	**-**	**-**
18. TOTAL LIABILITIES	**(1,799,668,987)**	**(38,107,666)**	**(19,031,383)**	**(4,788)**	**(8,250)**
20. Net foreign currency asset / (liability) position (9+18)	**54,480,376**	**12,678,959**	**(10,225,386)**	**(105)**	**(8,250)**
21. Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	**54,480,376**	**12,678,959**	**(10,225,386)**	**(105)**	**(8,250)**
23. Import	**3,378,363,003**	**101,710,004**	**4,287,176**	**19,525**	**-**
24. Export	**8,267,914,999**	**258,786,666**	**1,139,758**	**-**	**-**

29. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.3) Market risk management (cont'd)

b.3.1) Foreign currency risk management (cont'd)

Foreign currency sensitivity analysis

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar and EURO.

The following table details the Group's sensitivity to a 20% increase and decrease in US Dollar and EURO against TL. 20% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% change in foreign currency rates. A positive value below indicates an increase in profit/loss and other equity items.

Due to the short and long-term loans being held in foreign currency, the payments to be made in foreign currency cause foreign currency risk in cases where the exchange rates rise against Turkish Lira. In addition, foreign exchange rate risk arising from exchange rate changes is exposed to the translation of foreign currency denominated assets or liabilities to Turkish Lira due to the Group's business activities with foreign companies. Exchange rate risk is monitored and limited by analyzing the foreign exchange position. The Group follows a policy to diversify the foreign exchange basket as much as possible in order to manage the risk of exchange arising from future transactions and losses and assets and liabilities.

	31 December 2023		**31 December 2022**	
	Profit / Loss		Profit / Loss	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case 20% appreciation of USD against TL				
1 - USD net asset / liability	147,127,255	(147,127,255)	47,414,994	(47,414,994)
2- Amount hedged USD risk (-)	-	-	-	-
3- USD net effect (1 +2)	147,127,255	(147,127,255)	47,414,994	(47,414,994)
In case 20% appreciation of Euro against TL				
4 - Euro net asset / liability	(124,288,226)	124,288,226	(40,768,408)	40,768,408
5- Amount hedged Euro risk (-)	-	-	-	-
6- Euro net effect (4 +5)	(124,288,226)	124,288,226	(40,768,408)	40,768,408
In case 20% appreciation of other currencies against TL				
7 - Other currencies net asset / liability	33,724	(33,724)	(33,803)	33,803
8- Amount hedged other currencies risk (-)	-	-	-	-
9- Other currencies net effect (7 +8)	33,724	(33,724)	(33,803)	33,803
TOTAL (3 + 6 +9)	22,872,753	(22,872,753)	6,612,783	(6,612,783)

29. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.3) Market risk management (cont'd)

b.3.1) Foreign currency risk management (cont'd)

Foreign exchange forward contracts

It is the policy of the Group to enter into foreign exchange forward contracts to manage the foreign currency risk associated with anticipated sales and purchase transactions out to 12 months.

The Group's policy has been reviewed and, due to the increased volatility in US Dollars, it was decided to hedge up for foreign currency forward risk arising on translation of the foreign operation. The Group utilises a rollover hedging strategy, using contracts with terms of up to 12 months.

b.3.2) Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. For the optimal hedging strategy, it is aimed to review the position of the balance sheet and to control the interest expenditures at different interest rates.

Interest rate sensitivity analysis

The details of the interest-bearing financial instruments of the Group are as follows:

	Interest Rate Position Table	
	31 December 2023	31 December 2022
Financial Instruments		
with Fixed Interest Rate	**5,280,248,781**	**3,529,799,943**
Time Deposits (TL)	688,335,866	173,621,378
Time Deposits (Foreign Currency)	2,145,324,491	1,293,874,389
Total Time Deposits (Note: 33)	2,833,660,357	1,467,495,767
Financial Liabilities		
Financial Liabilities (TL)	7,935,714	434,170,139
Financial Liabilities (Foreign Currency)	2,438,652,710	1,628,134,038
Lease Liabilities (TL)	62,600,666	49,246,269
Total Financial Liabilities (Note: 28)	2,509,189,090	2,111,550,446

(Amounts expressed in Turkish Lira (TL))

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

31 December 2023	Financial assets at amortized cost	FVTPL	FVTOCI	Financial liabilities at amortized cost	Carrying value	Note
Financial assets						
Cash and cash equivalents	3,070,961,257	-	-	-	3,070,961,257	33
Trade receivables (including receivables from related parties	1,466,143,297	-	-	-	1,466,143,297	6
Financial investments	54,695,174	136,205	2,928,055,079	-	2,982,886,458	28
Other receivables	20,274,962	-	-	-	20,274,962	7
Financial liabilities						
Financial payables	-	-	-	2,509,189,090	2,509,189,090	28
Trade payables	-	-	-	811,772,248	811,772,248	6
Other payables	-	-	-	58,585,064	58,585,064	7
Payables related to employee benefits	-	-	-	56,882,975	56,882,975	17

31 December 2022	Financial assets at amortized cost	FVTPL	FVTOCI	Financial liabilities at amortized cost	Carrying value	Note
Financial assets						
Cash and cash equivalents	1,143,706,177	-	-	-	1,143,706,177	33
Trade receivables (including receivables from related parties	876,729,355	-	-	-	876,729,355	6
Financial investments	148,105,189	136,205	1,110,136,973	-	1,258,378,367	28
Other receivables	156,764,906	-	-	-	156,764,906	7
Financial liabilities						
Financial payables	-	-	-	2,143,448,691	2,143,448,691	28
Trade payables	-	-	-	1,062,507,947	1,062,507,947	6
Other payables	-	-	-	47,187,049	47,187,049	7
Payables related to employee benefits	-	-	-	39,577,211	39,577,211	17

The Group management considers the carrying amount of financial assets approximate their fair values.

30. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING) (cont'd)

Fair Value of Financial Instruments

The fair values of financial assets and financial liabilities are determined as follows:

- Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;

- Level 2: the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

31. DISCLOSURE OF OTHER MATTERS THAT MAY AFFECT CONSOLIDATED FINANCIAL STATEMENTS SIGNIFICANTLY OR IS NECESSARY FOR CONSOLIDATED FINANCIAL STATEMENTS TO BE CLEAR, INTERPRETABLE AND COMPREHENSIBLE

None.

32. EVENTS AFTER THE REPORTING PERIOD

None.

(Amounts expressed in Turkish Lira (TL))

33. NOTES ON THE STATEMENT OF CASH FLOWS

	31 December 2023	31 December 2022
Cash on hand	20,576	60,727
Cash at banks	2,886,687,024	1,784,471,995
Demand deposits	*53,026,667*	*335,868,912*
Time deposits	*2,833,660,357*	*1,448,603,083*
Cheques and notes received	180,520,037	99,985,326
Other cash equivalents	3,733,620	-
Cash and cash equivalents as shown in cash flows	3,070,961,257	1,884,518,048
Less: Time deposits over 3 months maturity	-	18,892,683
Cash and Cash Equivalents	3,070,961,257	1,903,410,731

Explanations about the nature and level of risks related to cash and cash equivalents are provided in Note 29.

As of 31 December 2023 and 2022, maturities of the Group's time deposits which are less than 3 months are stated below;

Currency	Interest rate (%)	31 December 2023
TL	4.50 - 8.50	688,335,866
US Dollars	0.1 - 5	2,112,750,591
Euro	1.75 - 3.50	32,573,900
		2,833,660,357

Currency	Interest rate (%)	31 December 2022
TL	14.00 - 18.50	173,621,378
US Dollars	0.50 - 4.50	1,148,727,673
Euro	1.75 - 3.40	126,254,033
		1,448,603,084

As of 31 December 2023 the maturities of time deposits vary between 3 and 90 days (31 December 2022 – 3 to 90 days). Interest rates on time deposits are fixed.