

**(CONVENIENCE TRANSLATION OF CONDENSED
INTERIM CONSOLIDATED FINANCIAL
STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

**OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ
AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
AS OF 31 MARCH 2023

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OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Condensed Consolidated Statement of Financial Position as of 31 March 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

		Not reviewed	Audited
		Current Period	Prior Period
		31 March	31 December
	Notes	2023	2022
ASSETS			
Current Assets		7.717.830.455	6.635.133.060
Cash and Cash Equivalents	3	2.595.514.415	1.770.851.233
Financial Investments	9	214.456.956	266.296.534
Trade Receivables	4-5	2.609.301.665	2.607.420.673
<i>Trade Receivables from Related Parties</i>	4	270.534.953	252.061.558
<i>Trade Receivables from Third Parties</i>		2.338.766.712	2.355.359.115
Other Receivables		13.288.774	20.818.601
<i>Other Receivables from Related Parties</i>	4	4.578.871	4.435.523
<i>Other Receivables from Third Parties</i>		8.709.903	16.383.078
Inventories	6	2.108.418.037	1.774.218.377
Prepaid Expenses	7	170.534.632	188.147.816
Other Current Assets		5.051.630	6.115.480
Assets Held for Sale		1.264.346	1.264.346
Non-current Assets		4.931.139.835	4.722.755.026
Other Receivables		3.386.103	3.689.125
<i>Other Receivables from Third Parties</i>		3.386.103	3.689.125
Investment Properties		17.412.645	17.412.645
Right-of-use Assets		60.127.092	53.039.409
Property, Plant and Equipment	8	2.524.169.085	2.488.219.540
Intangible assets		73.413.160	73.694.192
<i>Goodwill</i>		7.062.941	7.062.941
<i>Other Intangible Assets</i>	8	66.350.219	66.631.251
Prepaid Expenses	7	62.638.393	52.205.702
Deferred Tax Assets	14	2.188.114.440	2.032.563.304
Other Non-current Assets		1.878.917	1.931.109
TOTAL ASSETS		12.648.970.290	11.357.888.086

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Condensed Consolidated Statement of Financial Position as of 31 March 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

		Not reviewed	Audited
		Current Period	Prior Period
		31 March	31 December
	Notes	2023	2022
LIABILITIES AND EQUITY			
Current Liabilities		3.835.043.279	3.502.983.384
Short-term Borrowings	12	1.061.696.544	878.140.914
Short-term Portion of Long-term Borrowings	12	19.541.227	17.210.688
Trade Payables	4-5	1.867.572.443	1.911.170.034
<i>Trade Payables to Related Parties</i>	4	405.345.988	405.603.677
<i>Trade Payables to Third Parties</i>		1.462.226.455	1.505.566.357
Payables Related to Employee Benefits		169.382.198	43.948.248
Other Payables		114.236.245	86.740.172
<i>Other Payables to Related Parties</i>	4	4.759.201	4.461.254
<i>Other Payables to Third Parties</i>		109.477.044	82.278.918
Deferred Income	7	126.246.434	113.321.863
Current Tax Liabilities	14	301.699.181	250.108.759
Short-term Provisions		174.049.968	201.906.838
<i>Short-term Provisions for Employee Benefits</i>		30.997.545	106.857.614
<i>Other Short-term Provisions</i>	10	143.052.423	95.049.224
Other Short-term Liabilities		619.039	435.868
Non-current Liabilities		432.559.219	490.689.594
Long-term Borrowings	12	46.092.713	41.113.604
Deferred Income	7	671.685	1.343.369
Long-term Provisions		385.794.821	448.232.621
<i>Long-term Provisions for Employee Benefits</i>		357.894.012	420.331.812
<i>Other Long-term Provisions</i>	10	27.900.809	27.900.809
TOTAL LIABILITIES		4.267.602.498	3.993.672.978

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Condensed Consolidated Statement of Financial Position as of 31 March 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

		Not reviewed	Audited
		Current Period	Prior Period
	Notes	31 March 2023	31 December 2022
EQUITY		8.381.367.792	7.364.215.108
Equity Attributable to Parent		8.381.367.792	7.364.215.108
Paid-in Capital	13	1.159.793.441	1.159.793.441
Capital Adjustment Differences	13	134.868.176	134.868.176
Repurchased Shares (-)		(6.935.220)	(6.935.220)
Share Premiums (Discounts)		234.322	234.322
Other Accumulated Comprehensive Income (Expenses) That Will Not Be Reclassified To Profit or Loss		(155.943.894)	(155.943.894)
- <i>Gains (Losses) on Remeasurement of Defined Benefit Plans</i>		(155.943.894)	(155.943.894)
Other Accumulated Comprehensive Income (Expenses) That Will Be Reclassified To Profit or Loss		1.679.046	1.586.071
- <i>Foreign Currency Translation Differences</i>		1.679.046	1.586.071
Restricted Reserves Appropriated from Profit	13	405.954.871	405.954.871
The Effect of Mergers Involving Undertaking or Enterprises Subject to Common Control		(203.986.378)	(203.986.378)
Retained earnings		6.028.643.719	1.528.636.796
Net Profit for the Period		1.017.059.709	4.500.006.923
TOTAL LIABILITIES AND EQUITY		12.648.970.290	11.357.888.086

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Three-month Interim Period Ended 31 March 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

		Not reviewed Current Period	Not reviewed Prior Period
		1 January - 31 March 2023	1 January - 31 March 2022
PROFIT OR LOSS			
Revenue	16	3.992.327.186	1.657.750.275
Cost of Sales (-)	16	(2.585.420.521)	(1.312.697.428)
GROSS PROFIT		1.406.906.665	345.052.847
General Administrative Expenses (-)		(142.579.301)	(84.064.292)
Marketing Expenses (-)		(23.595.399)	(11.191.348)
Research and Development Expenses (-)		(9.041.764)	(3.871.287)
Other Income from Operating Activities	17	54.510.851	75.373.855
Other Expenses from Operating Activities (-)	17	(346.422.384)	(65.160.324)
OPERATING PROFIT		939.778.668	256.139.451
Income from Investment Activities	18	1.117.866	51.821.637
Expenses from Investment Activities (-)	18	(33.806.474)	(106.755)
OPERATING PROFIT BEFORE FINANCIAL INCOME (EXPENSE)		907.090.060	307.854.333
Finance Income	19	122.011.815	11.988.780
Finance Expense (-)	19	(69.206.579)	(44.604.331)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		959.895.296	275.238.782
Tax Expense		57.164.413	(52.833.477)
Current Tax Expense	14	(98.386.721)	(55.773.359)
Deferred Tax (Expense)/Income	14	155.551.134	2.939.882
PROFIT FOR THE PERIOD		1.017.059.709	222.405.305
Profit for the Period Attributable to		1.017.059.709	222.405.305
Non-controlling Interests		-	-
Owners of the Parent		1.017.059.709	222.405.305
Earning Per Share			
Earning Per Share (Nominal value of TL 1)	15	0,88	0,19

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Three-month Interim Period Ended 31 March 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

	Not reviewed	Not reviewed
	Current	Prior
Notes	1 January -	1 January -
	31 March	31 March
	2023	2022
CURRENT PROFIT	1.017.059.709	222.405.305
Items that Will Not Be Reclassified to Profit or Loss:		
Loss:	-	-
Gains / (Losses) on Remeasurement of Defined Benefit Plans	-	-
Taxes Related to Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	-	-
Items that Will Be Reclassified to Profit or Loss:	92.975	(1.558.065)
Foreign Currency Translation Differences	92.975	(1.558.065)
TOTAL COMPREHENSIVE EXPENSE	92.975	(1.558.065)
TOTAL COMPREHENSIVE INCOME / (EXPENSE)	1.017.152.684	220.847.240
Total Comprehensive Income / (Expense)		
Attributable to	1.017.152.684	220.847.240
Non-controlling Interests	-	-
Owners of the Parent	1.017.152.684	220.847.240

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Condensed Consolidated Statement of Changes in Equity for the Three-month Interim Period Ended 31 March 2022

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

	Share Capital	Capital Adjustment Differences	Repurchased Shares	Share Issuance Premiums	Restricted Reserves Appropriated from Profit	Gains / Losses on Remeasurement of Defined Benefit Plans	Foreign Currency Translation Differences	The Effect of Mergers Involving Undertaking or Enterprises Under Common Control	Prior Years' Profit	Net Profit for the Period	Equity
Balance as of 1 January 2022	1.159.793.441	134.868.176	(6.935.220)	234.322	405.954.871	(44.705.178)	4.060.363	(305.979.569)	1.630.629.988	-	2.977.921.194
Total comprehensive income/(expense)	-	-	-	-	-	-	(1.558.063)	-	-	222.405.305	220.847.242
<i>Profit for the Period</i>	-	-	-	-	-	-	-	-	-	222.405.305	222.405.305
<i>Other Comprehensive Expense</i>	-	-	-	-	-	-	(1.558.063)	-	-	-	(1.558.063)
31 March 2022	1.159.793.441	134.868.176	(6.935.220)	234.322	405.954.871	(44.705.178)	2.502.300	(305.979.569)	1.630.629.988	222.405.305	3.198.768.436
Balance as of 1 January 2023	1.159.793.441	134.868.176	(6.935.220)	234.322	405.954.871	(155.943.894)	1.586.071	(203.986.378)	6.028.643.719	-	7.364.215.108
Total comprehensive income/(expense)	-	-	-	-	-	-	92.975	-	-	1.017.059.709	1.017.152.684
<i>Profit for the Period</i>	-	-	-	-	-	-	-	-	-	1.017.059.709	1.017.059.709
<i>Other Comprehensive Expense</i>	-	-	-	-	-	-	92.975	-	-	-	92.975
31 March 2023	1.159.793.441	134.868.176	(6.935.220)	234.322	405.954.871	(155.943.894)	1.679.046	(203.986.378)	6.028.643.719	1.017.059.709	8.381.367.792

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Condensed Consolidated Statement of Cash Flows for the Three-month Interim Period Ended 31 March 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

		Not reviewed	Not reviewed
		Current Period	Prior Period
	Notes	1 January – 31 March 2023	1 January– 31 March 2022
A. CASH FLOWS FROM OPERATING ACTIVITIES		722.229.453	(163.647.121)
Profit for the Period		1.017.059.709	222.405.305
Adjustments Related to Reconciliation of Net Profit for the Period		81.705.427	121.751.077
- Adjustments Related to Depreciation and Amortization Expenses		68.924.071	51.718.128
- Adjustments Related to Doubtful Receivables	5	(24.296)	(11.680)
- Adjustments Related to Provisions		105.142.066	42.280.744
- <i>Adjustments related to Employee Benefits</i>		57.138.867	23.525.321
- <i>Adjustments Related to Other Provisions (Reversals)</i>	10	48.003.199	18.755.423
- Adjustments Related to Interest (Income) and Expenses		(69.534.072)	22.863.594
- <i>Adjustments Related to Interest Income</i>	19	(110.430.353)	(4.665.996)
- <i>Adjustments Related to Interest Expense</i>	19	40.896.281	27.529.590
- Adjustments Related to Fair Value Losses (Gains)		33.543.707	(24.468.539)
- <i>Adjustments Related to Fair Value (Gains)/Losses of Financial Assets</i>	18	33.543.707	(24.468.539)
- Adjustments Related to Dividend Income	18	-	(25.559.845)
- Adjustments Related to Gain on Sale of Fixed Assets	18	(1.685)	(1.167.380)
- Adjustments Related to Unrealized Foreign Currency Translation Differences		820.049	3.262.578
- Adjustments Related to Tax Income / Expense	14	(57.164.413)	52.833.477
Changes in Working Capital		(134.302.652)	(310.605.838)
- Adjustments Related to Financial Investments		18.295.871	-
- Adjustments Related to Increase in Trade Receivables	5	(2.203.766)	501.118
- <i>Decrease (Increase) in Trade Receivables from Related Parties</i>		(18.473.395)	(15.078.753)
- <i>Decrease (Increase) in Trade Receivables from Third Parties</i>		16.269.629	15.579.871
- Adjustments Related to Decrease (Increase) in Other Receivables Related to Operations		8.593.677	4.527.758
- <i>Decrease (Increase) in Other Receivables Related to Operations from Related Parties</i>		(143.348)	10.771.687
- <i>Decrease (Increase) in Other Receivables Related to Operations from Third Parties</i>		8.737.025	(6.243.929)
- Adjustments Related to Increase in Inventories	6	(334.199.660)	(431.271.434)
- Adjustments Related to Increase (Decrease) in Other Non-current Assets		355.214	(125.191)
- Decrease (Increase) in Prepaid Expenses	7	53.087.519	3.913.444
- Adjustments Related to Increase in Trade Payables	5	(43.597.591)	56.209.460
- <i>Increase (Decrease) in Trade Payables to Related Parties</i>	5	(257.689)	42.937.944
- <i>Increase (Decrease) in Trade Payables to Third Parties</i>		(43.339.902)	13.271.516
- Increase in Payables Related to Employee Benefits		125.433.950	20.243.382
- Adjustments Related to Increase / (Decrease) in Other Operating Payables		27.679.247	8.191.582
- <i>Increase (Decrease) in Other Operating Payables to Related Parties</i>		297.947	124.317
- <i>Increase (Decrease) in Other Operating Payables to Third Parties</i>		27.381.300	8.067.265
- Increase / (Decrease) in Deferred Income	7	12.252.887	27.204.043
Cash Flows from Operations		964.462.484	33.550.544
- Payments Related to Provision for Employee Benefits		(195.436.732)	(31.817.975)
- Tax Payments		(46.796.299)	(156.554.581)
- Payments for Provisions	10	-	(8.825.109)

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Condensed Consolidated Statement of Cash Flows for the Three-month Interim Period Ended 31 March 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

		Not reviewed	Not reviewed
		Current Period	Prior Period
	Notes	1 January – 31 March 2023	1 January– 31 March 2022
B. CASH FLOWS FROM INVESTING ACTIVITIES		(144.947.696)	(97.173.425)
- Cash Inflows from Sale of Property, Plant and Equipment and Intangible Assets	8	9.955	894.467
- Cash Outflows from Purchase of Property, Plant and Equipment and Intangible Assets	7-8	(144.957.651)	(123.627.737)
- Dividend Income	18	-	25.559.845
C. CASH FLOWS FROM FINANCING ACTIVITIES		204.861.629	188.851.633
- Cash Inflows From Borrowing		391.400.000	475.507.258
- <i>Cash Inflows from Loans</i>		391.400.000	475.507.258
- Cash Outflows Related to Debt Payments		(200.000.000)	(262.433.333)
- <i>Cash Outflows Related to Loan Repayments</i>		(200.000.000)	(262.433.333)
- Interest Paid		(47.523.614)	(24.892.660)
- Interest Received	19	64.115.244	4.665.996
- Cash Outflows from Loan Payments Arising from Lease Agreements		(3.130.001)	(3.995.628)
D. NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		782.143.386	(71.968.913)
Effect of Foreign Currency Translation Differences on Cash and Cash Equivalents		(4.142.383)	(1.943.882)
E. NET INCREASE IN CASH AND CASH EQUIVALENTS		778.001.003	(73.912.795)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1.747.936.576	314.635.832
	3		
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		2.525.937.579	240.723.037
	3		

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements for the Three-month Interim Period Ended 31 March 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Mardin Çimento Sanayii ve Ticaret A.Ş. ("Company" or "Mardin Çimento"), was established on 2 June 1969 under the leadership of Türkiye Çimento Sanayii Türk Anonim Şirketi. The assembly of the factory was completed in 1975 and production started in September 1975. The main activity of the company is the production and sales of clinker and cement.

OYAK Çimento A.Ş. ("OYAK Çimento"), which was established on 25 November 2015 as a 100% subsidiary of the Ordu Yardımlaşma Kurumu ("OYAK") took over the shares of Mardin Çimento owned by OYAK on 3 December 2015 and OYAK Çimento became the main shareholder of the Company. On 26 November 2018, OYAK transferred 40% of its 100% owned OYAK Cement shares to Taiwan Cement Company ("TCC"). The ultimate main shareholder of the company has not changed and is OYAK.

OYAK is an institution that is financially and administratively autonomous, which has a legal personality, subject to private law provisions, and was established on 1 March 1961 with the law numbered 205. OYAK, the "solidarity and pension fund" of TAF members, provides various services and benefits to its members. OYAK has more than 50 direct and indirect subsidiaries operating in the industry, finance and service sectors.

Due to the purposes of providing more effective management, creating a strong financial, administrative and legal structure in the operating sector and strengthening the production and distribution activities; merger process has been started for Aslan Çimento A.Ş. ("Aslan Çimento"), Adana Çimento Sanayii Türk A.Ş. ("Adana Çimento"), Bolu Çimento Sanayii A.Ş. ("Bolu Çimento") and Ünye Çimento Sanayi ve Ticaret A.Ş. ("Ünye Çimento") following the application to Capital Market Boards in accordance with the board of directors decisions dated 30 December 2019. As of 20 February 2020, the merger application is approved and published in Capital Markets Board bulletin. The general assembly regarding the merger was held on 27 March 2020 and the merger was approved by the shareholders. The process of retirement right within the scope of merger started on 6 April 2020 and ended on 5 May 2020. With the registration of the General Assembly Resolutions for the merger on 14 May 2020, the legal process for the merger was completed. Following the merger, the title of Mardin Çimento was changed to OYAK Çimento Fabrikaları A.Ş. ("The Company") on 21 May 2020.

As of 31 December 2020, OYAK Beton San. ve Tic. A.S. ("OYAK Beton") one of the subsidiaries of the Company, merged within OYAK Çimento Fabrikaları A.Ş. together with all its assets and passives.

The Company's shares are traded on Borsa Istanbul ("BIST") and the Company's free float rate is 26% as of the date of preparation of the financial statements.

The number of employees of the Company as of 31 March 2023 is 2.117 (31 December 2022: 2.165).

The registered address of the company is Çukurambar Mahallesi 1480. Sokak, No: 2 A / 56, Çankaya, Ankara.

Dividend Distribution

It is decided not to distribute dividends over the profits of 2022 as a result of the General Assembly held in 30 March 2023.

Approval of the Condensed Consolidated Interim Financial Statements

The condensed consolidated interim financial statements have been approved and authorized to be published on 10 March 2023 by the Board of Directors.

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements for the Three-month Interim Period Ended 31 March 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance to TFRS

The Company and its Turkish subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and tax legislation.

The accompanying condensed consolidated financial statements have been prepared in line with Capital Markets Board ("CMB"), Communiqué Serial: II, No. 14.1 on "Principles on Financial Reporting in Capital Market" ("the Communiqué"), promulgated in Official Gazette No. 28676 dated 13 June 2013. TFRSs include Standards and Interpretations published by POA under the names of Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, TAS Interpretations and TFRS Interpretations.

The condensed consolidated financial statements are presented in accordance with TFRS Taxonomy developed based on the "Financial Statement Examples and User Guide" announced by the POA published in the Official Gazette dated 7 June 2019 and numbered 30794.

The Group has prepared its interim consolidated financial statements as of 31 March 2023 by preferring condensed presentation in accordance with TAS 34 "Interim Financial Statements" and the explanations and notes required to be included in the annual financial statements prepared in accordance with TAS 34 are summarized or not included. Therefore, these interim condensed consolidated financial statements should be read together with the Group's consolidated financial statements as of 31 December 2022.

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 Group, and the presentation currency for the consolidated financial statements.

Functional (valid) and presentation currency

The functional currency for Cimpor Romania Terminal SRL, the subsidiary of the Group, is Romanian Lei (Ron), but its financial position and operating results are converted into TL, which is the functional currency of the Group and the presentation currency for interim condensed consolidated financial statements, and included in the interim condensed consolidated financial statements.

	<u>31 March 2023</u>	<u>31 December 2022</u>
("RON") / TL Year-End	4,1875	4,0062
("RON") / TL Average	4,0886	3,5061

Adjustments of Consolidated Financial Statements in Hyperinflationary Periods

Under the decision of CMB dated 17 March 2005 and numbered 11/367, Group has ended the implementation of adjustments of consolidated financial statements in hyperinflationary periods for companies operating in Turkey and preparing financial statements in accordance with Turkish Financial Reporting Standards since 1 January 2005. Since 1 January 2015, Standard numbered 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") has not been applied.

POA made an announcement on 20 January 2022 regarding the application of TAS 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") for entities adopting Turkish Financial Reporting Standards ("TFRS") for the year ended 31 December 2021. The announcement stated that, entities that apply TFRS should not adjust their financial statements in accordance with TAS 29 for the year ended 31 December 2021. As of the date of this report, POA has not made any further announcements regarding the scope and application of TAS 29. As a result, no inflation adjustment was made to the accompanying consolidated financial statements as of 31 March 2023 and 31 December 2022 in accordance with TAS 29.

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements
for the Three-month Interim Period Ended 31 March 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

2.1 Basis of Presentation (cont'd)

Going Concern

The condensed consolidated financial statements have been prepared on the basis of going concern, assuming that the Group will benefit from its assets and fulfill its obligations in the next year and within the natural flow of its operations.

Subsidiaries

Subsidiaries are companies in which the Company is exposed to variable returns due to its relationship with the investee or is entitled to these returns, and at the same time has the control power because it has the opportunity to affect these returns with its activities on the investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

The statements of financial position and income statements of the subsidiaries have been consolidated using the full consolidation method and the carrying values and equities of the subsidiaries owned by OYAK Çimento Fabrikaları have been reciprocally offset. Intra-group transactions and balances between the Company and its subsidiaries have been offset during consolidation. The carrying values of the shares owned by the Company and the dividends resulting from them have been netted off from the relevant equity and statement of profit or loss accounts.

As of 31 March 2023 and 31 December 2022, the Group's ownership interests and voting rights in subsidiaries have been presented below:

Subsidiaries	Place of incorporation and operation	Main operation	31 March 2023	31 December 2022
			Shareholding rate (%)	Shareholding rate (%)
Cimpor Romania Terminal SRL	Romania	Cement sale	100	100
Marmara Madencilik San. ve Tic. Ltd. (*)	Turkey	Mining	98,9	98,9
Adana Çimento Sanayi ve Ticaret Ltd.	Cyprus	Sale of cement, clinker, ready-mixed concrete	100	100
Adana Çimento Free Port Ltd.	Cyprus	Sale of cement, clinker, ready-mixed concrete	100	100

(*) As of the reporting date, it does not have any activity.

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.

In the event of a situation or event that may lead to a change in at least one of the criteria listed above, the Company re-evaluates whether it has control power over its investment.

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements for the Three-month Interim Period Ended 31 March 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

2.1 Basis of Presentation (cont'd)

Subsidiaries (cont'd)

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.

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 the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company 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 Group.

When the Group loses control of a subsidiary, a gain or loss is recognized 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 recognized 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 *TFRS 9 Financial Instruments*, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

2.2 New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2023

Amendments to TAS 1
Amendments to TAS 8
Amendments to TAS 12

Disclosure of Accounting Policies
Definition of Accounting Estimates
*Deferred Tax related to Assets and Liabilities arising from a
Single Transaction*

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. In the absence of a definition of the term 'significant' in TFRS, the POA decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, POA issued amendments to TAS 8, in which it introduces a new definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date.

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

In August 2021, POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

2.2 New and Amended Turkish Financial Reporting Standards (cont'd)

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:

Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to TFRS 17	<i>The new Standard for insurance contracts</i>

Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities

In January 2021 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with TAS 8. Early application is permitted. However, an entity that applies the 2020 amendments early is also required to apply the 2023 amendments, and vice versa.

Amendments to TAS 1 Non-current Liabilities with Covenants

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Amendments are effective from annual reporting periods beginning on or after 1 January 2024. The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

Amendments to 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 entities 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.

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

2.2 New and Amended Turkish Financial Reporting Standards (cont'd)

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

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

In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under “Subsequent measurement of the lease liability” heading after the commencement date in a sale and leaseback transaction, the seller lessee determines ‘lease payments’ or ‘revised lease payments’ in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining ‘lease payments’ that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16.

TFRS 17 - The new Standard for insurance contracts

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. The mandatory effective date of the Standard postponed to accounting periods beginning on or after January 1, 2024 with the announcement made by the POA.

2.3 Summary of Significant Accounting Policies

The condensed consolidated interim financial statements for the three-month period ended 31 March 2023 have been prepared in accordance with TAS 34 of TFRS for the preparation of interim financial statements. In addition, the condensed consolidated interim financial statements for the period ended 31 March 2023 were prepared in accordance with the accounting policies applied during the preparation of the consolidated financial statements for the year ended 31 December 2022. Therefore, the accompanying condensed consolidated interim financial statements should be evaluated together with the consolidated financial statements as of 31 December 2022.

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

2.4 Comparative Information And Restatement Of Prior Period Consolidated Financial Statements

The Group's consolidated financial statements have been prepared comparatively with the prior period, allowing the determination of financial position and performance. Comparative information is reclassified and significant differences are explained when necessary in terms of compliance with presentation of current period consolidated financial statements.

2.5 Changes in Accounting Policies, Estimates and Errors

If changes in accounting estimates are related to only one period, the changes are applied prospectively in the period in which changes are made. If changes in accounting estimates are related to future periods, the changes are applied prospectively both in the current period in which changes are made and also in future periods. No changes has been observed at the accounting estimates of the Group in the current year.

The identified errors which are identified are applied retrospectively and consolidated financial statements of preceding periods are restated. No errors has been determined in the current period.

2.6 Segment Reporting

The operations of the Group's each plant have been defined as geographical segments. However, the segments with similar economic characteristics have been combined into a single operating segment considering the nature of the products and the production processes, methods to allocate the products and the type of customers or to provide services for the interim period.

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements for the Three-month Interim Period Ended 31 March 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

3. CASH AND CASH EQUIVALENTS

	31 March 2023	31 December 2022
Bank	2.590.218.010	1.667.474.784
Demand deposits	18.817.430	26.570.052
Time deposits with a maturity of less than three months (*)	2.571.400.580	1.640.904.732
Other cash and cash equivalents (**)	5.296.405	103.376.449
	2.595.514.415	1.770.851.233
Less : Interest accruals	(69.576.836)	(22.914.657)
Cash and cash equivalents in the statement of cash flow	2.525.937.579	1.747.936.576

(*) Interest rates of time deposits for TL deposits varies from 5,75% to 30,00% (31 December 2022: 5,75%-30,00%), whereas for US Dollar deposits it is 0,01%-3,25%, and for RON deposits it is 0,46% (31 December 2022: US Dollar: 0,01%-3,00%, RON: 0,46%).

(**) POS deposit balance arising from sales with credit card is presented as other cash and cash equivalents.

As of 31 March 2023, there is no blockage on cash and cash equivalents (31 December 2022: None).

4. RELATED PARTY DISCLOSURES

The Group carries out various transactions with related parties during its activities. The balances of the related parties as of 31 March 2023 and 31 December 2022, and the transaction amounts and balances made with these institutions for the periods ending on 31 March 2023 and 31 March 2022 are as follows:

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements for the Three-month Interim Period Ended 31 March 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

4. RELATED PARTY DISCLOSURES (cont'd)

	31 March 2023			
	Receivables		Payables	
	Trade	Short-term Non-trade	Trade	Short-term Non-trade
Balances with related parties				
Ultimate parent				
Ordu Yardımlaşma Kurumu (OYAK)	-	-	17.095.623	-
Parent				
OYAK Çimento A.Ş.	-	-	32.740.634	-
Cimpor Global Holdings B.V.	23.709	-	-	-
Other companies managed by the ultimate parent				
Erdemir Çelik Servis Merkezi San. Ve Tic. A.Ş.	145	-	-	-
OYKA Kağıt Ambalaj San. ve Tic. A.Ş.	-	-	38.257.183	-
Omsan Lojistik A.Ş.	-	-	2.707.536	-
Omsan Denizcilik A.Ş.	-	-	7.230.769	-
OYAK İnşaat A.Ş.	64.944.571	-	-	-
Ereğli Demir Çelik Fabrikaları T.A.Ş.	-	-	25.488.150	-
İskenderun Demir ve Çelik A.Ş.	-	-	40.453.443	-
İskenderun Enerji Üretim ve Tic. A.Ş.	-	-	875.263	-
Mais Motorlu Araçlar İmal ve Satış A.Ş.	-	-	29.591	-
OYAK Pazarlama Hizmet ve Turizm A.Ş.	-	-	32.661.000	-
OYAK Grup Sigorta ve Reasürans Brokerliği A.Ş.	-	-	21.866.774	-
OYAK Savunma ve Güvenlik Sistemleri A.Ş.	-	-	17.194.261	-
OYAK Elektrik Enerjisi Toptan Satış A.Ş.	-	-	1.480.774	-
Güzel Enerji Akaryakıt A.Ş.	-	-	1.341.769	-
Doco Petrol ve Danışmanlık A.Ş.	-	-	20.111.244	-
Akdeniz Chemson Kimya San. Ve Tic. A.Ş.	-	-	14.501.216	-
Oytaş İç ve Dış Tic.A.Ş.	-	-	-	3.729.251
Kümaş Manyezit Sanayi A.Ş.	-	-	78.028.111	-
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş.	-	-	651	-
OYAK Akaryakıt ve LPG Yatırımları A.Ş.	-	-	102.227	-
Cimpor Portugal Holdings SGPS S.A.	29.593	-	-	-
Cimpor - Industria de Cimentos	200.112	-	-	-
Cimpor Cote D'Ivoire SARL	101.808.198	4.578.871	-	-
Cimpor-Serviços, Sa.	4.214.146	-	-	-
Betão Liz, SA	130.628	-	-	-
Omsan Logistique Maroc	-	-	15.207	-
Other	-	-	-	1.029.950
Other companies managed by the parent				
Denizli Çimento San. Tic. A.Ş.	-	-	53.164.562	-
Cimpor Cameroun SA	99.183.851	-	-	-
	270.534.953	4.578.871	405.345.988	4.759.201

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements for the Three-month Interim Period Ended 31 March 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

4. RELATED PARTY DISCLOSURES (cont'd)

Balances with related parties	31 December 2022			
	Receivables		Payables	
	Trade	Non-trade	Trade	Non-trade
<u>Ultimate parent</u>				
Ordu Yardımlaşma Kurumu (OYAK)	-	-	17.007.329	-
Cimpor Global Holdings B.V.	22.674	-	-	-
<u>Parent</u>				
OYAK Çimento A.Ş.	-	-	19.356.122	-
<u>Other companies managed by the ultimate parent</u>				
Omsan Lojistik A.Ş.	-	-	5.305.472	-
Omsan Denizcilik A.Ş.	-	-	34.224.064	-
OYKA Kağıt Ambalaj San. ve Tic. A.Ş.	-	-	27.333.174	-
OYAK İnşaat A.Ş.	55.909.186	-	-	-
Ereğli Demir Çelik Fabrikaları T. A.Ş.	-	-	30.509.896	-
İskenderun Demir ve Çelik A.Ş.	-	-	44.747.192	-
İskenderun Enerji üretim ve Tic. A.Ş.	-	-	1.709.900	-
OYAK Pazarlama Hizmet ve Turizm A.Ş.	-	-	19.740.477	-
OYAK Grup Sigorta ve Reasürans Brokerliği A.Ş.	-	-	40.736.067	-
OYAK Savunma ve Güvenlik Sistemleri A.Ş.	-	-	6.626.546	-
OYAK Elektrik Enerjisi Toptan Satış A.Ş.	-	-	72.716	-
Oytaş İç ve Dış Tic.A.Ş.	-	-	-	3.431.304
Güzel Enerji Akaryakıt A.Ş.	-	-	1.178.135	-
Cimpor - Industria de Cimentos	200.383	-	-	-
Cimpor-Serviços, Sa.	4.086.172	-	-	-
Doco Petrol ve Danışmanlık A.Ş.	-	-	23.198.566	-
Mais Motorlu Araçlar İmal ve Satış A.Ş.	-	-	32.129	-
Akdeniz Chemson Kimya San. ve Tic. A.Ş.	-	-	5.131.927	-
Likitgaz Dağıtım ve Endüstri A.Ş.	-	-	27.962	-
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş.	-	-	429.357	-
Kümaş Manyezit Sanayi A.Ş.	-	-	81.652.494	-
OYAK Akaryakıt ve LPG Yatırımları A.Ş.	-	-	2.083.111	-
Ataer Holding A.Ş.	-	-	50.955	-
Cimpor Portugal Holdings SGPS S.A.	28.301	-	-	-
Cimpor Cote d'Ivoire SARL	98.444.057	4.435.523	-	-
BETÃO LIZ, S.A.	105.780	-	-	-
Other	-	-	-	1.029.950
<u>Other companies managed by the parent</u>				
Denizli Çimento Sanayii Türk A.Ş.	-	-	44.450.086	-
Cimpor Cameroun SA	93.265.005	-	-	-
	252.061.558	4.435.523	405.603.677	4.461.254

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements for the Three-month Interim Period Ended 31 March 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

4. RELATED PARTY DISCLOSURES (cont'd)

	1 January– 31 March 2023				
Balances with related parties	Purchases	Sales	Other income	Other expenses	Fixed asset purchases
Ultimate partner					
Ordu Yardımlaşma Kurumu (OYAK)	112.239	-	-	-	-
Partner					
OYAK Çimento A.Ş. (1)	19.940.202	6.257.797	-	50.886	-
Other companies managed by the ultimate parent					
OYAK İnşaat A.Ş.	64.999	68.027.685	-	-	-
Omsan Lojistik A.Ş. (4)	4.979.805	-	-	-	-
OYKA Kağıt Ambalaj San. ve Tic. A.Ş. (2)	40.353.491	1.636.144	-	134.626	364.407
İskenderun Demir ve Çelik A.Ş. (8)	18.193.321	34.780	-	1.930	-
İskenderun Enerji Üretim ve Tic.A.Ş.	741.748	-	-	-	-
Mais Motorlu Araçlar İmal ve Satış A.Ş.	41.008	-	-	-	-
OYAK Elektrik Enerjisi Toptan Satış A.Ş. (3)	548.524.480	-	-	-	-
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (8)	11.479.788	-	216.059	-	-
Erdemir Çelik Servis Merkezi San. Ve Tic. A.Ş.	-	-	123	-	-
OYAK Pazarlama Hizmet ve Turizm A.Ş. (6)	28.675.479	4.082	-	-	88.150
OYAK Savunma ve Güvenlik Sistemleri A.Ş. (5)	18.547.847	250.631	-	-	27.026
Omsan Denizcilik A.Ş. (4)	19.454.436	929.193	-	-	-
Akdeniz Chemson Kimya San.ve Tic.A.Ş.	12.204.498	-	-	36.511	-
Doco Petrol Ve Danışmanlık A.Ş. (9)	37.181.155	-	-	-	-
OYAK Akaryakıt ve LPG Yatırımları A.Ş.	592.305	-	-	-	-
Güzel Enerji Yakıt A.Ş. (9)	4.067.903	-	-	-	-
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş.	3.391	-	-	-	-
Likitgaz Dağıtım ve Endüstri A.Ş.	78.287	-	-	-	-
Kümaş Manyezit Sanayi A.Ş. (10)	-	-	-	2.062.693	27.297.862
Omsan Logistique Maroc	14.917	-	-	-	-
Cimpor-Serviços, SA	-	2.033	-	-	-
Cimpor - Industria de Cimentos	3.068	-	-	-	-
Cimpor Cote d'Ivoire SARL (11)	-	51.271	-	-	-
Other companies managed by the parent					
Denizli Çimento A.Ş. (7)	48.138.464	3.130.350	-	-	-
Cimpor Cameroun SA	-	-	1.645.013	-	-
	813.392.831	80.323.966	1.861.195	2.286.646	27.777.445

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements for the Three-month Interim Period Ended 31 March 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

4. RELATED PARTY DISCLOSURES (cont'd)

	1 January – 31 March 2022					Fixed asset purchases
Balances with related parties	Purchases	Sales	Lease income	Other income	Other expenses	
<u>Ultimate partner</u>						
Ordu Yardımlaşma Kurumu (OYAK)	-	-	-	-	73.460	-
<u>Partner</u>						
OYAK Çimento A.Ş. (1)	-	-	-	-	10.808.440	-
<u>Other companies managed by the ultimate parent</u>						
OYAK İnşaat A.Ş.	-	21.907.515	112.000	-	-	-
Omsan Lojistik A.Ş. (4)	1.982.971	-	-	-	877.754	-
OYKA Kağıt Ambalaj San. ve Tic. A.Ş. (2)	46.296.370	-	-	-	-	-
İskenderun Demir ve Çelik A.Ş.	11.975.753	15.290	-	-	-	-
İskenderun Enerji Üretim ve Tic.A.Ş.	524.354	-	-	-	-	-
Mais Motorlu Araçlar İmal ve Satış A.Ş.	35.559	-	-	-	-	-
OYAK Elektrik Enerjisi Toptan Satış A.Ş. (3)	197.204.787	-	-	-	-	-
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (8)	7.808.063	-	-	-	4.964	-
Erdemir Çelik Servis Merkezi San. Ve Tic. A.Ş.	-	-	-	1.104	-	-
OYAK Pazarlama Hizmet ve Turizm A.Ş. (6)	10.459.222	-	-	-	692.076	5.694.924
OYAK Savunma ve Güvenlik Sistemleri A.Ş. (5)	8.385.166	-	-	68.000	-	30.604
Omsan Havacılık A.Ş.	42.222	-	-	-	-	-
OYAK Yatırım Menkul Değerler A.Ş.	78.090	-	-	-	-	-
Omsan Denizcilik A.Ş. (4)	26.904.731	-	-	-	2.061.552	-
Akdeniz Chemson Kimya San. Ve Tic.A.Ş	115.266	-	-	-	-	-
Hektaş Ticaret T.A.Ş.	6.164	-	-	-	-	-
Doco Petrol Ve Danışmanlık A.Ş.	25.315.312	-	-	-	-	-
Oyak Akaryakıt ve LPG Yatırımları A.Ş.	436.963	-	-	-	-	-
Güzel Enerji Yakıt A.Ş. (9)	2.575.960	-	-	668	19.010	-
Likitgaz Dağıtım ve Endüstri A.Ş.	71.966	-	-	-	-	-
Kümaş Manyezit Sanayi A.Ş. (10)	-	-	-	-	2.349.201	19.725.971
Miilux Yüksek Mukavemetli Çelik Üretim A.Ş.	40.338	-	-	-	12.711	-
Cimpor Cote d'Ivoire SARL (11)	-	46.433.634	-	-	-	-
<u>Other companies managed by the parent</u>						
Denizli Çimento A.Ş. (7)	29.778.448	-	-	572.861	-	-
	370.037.705	68.356.439	112.000	642.633	16.899.168	25.451.499

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements for the Three-month Interim Period Ended 31 March 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

4. RELATED PARTY DISCLOSURES (cont'd)

Disclosures related to transactions with related parties for the period 1 January – 31 March 2023 are as follows:

- (1) Purchase from OYAK Çimento A.Ş. consists of reflection amounts of other income and other expenses.
- (2) Purchases from OYKA Kağıt Ambalaj San. ve Tic. A.Ş. consist of purchase of paper bag used in bagged cement sales.
- (3) Purchases from OYAK Elektrik Enerjisi Toptan Satış A.Ş. consist of purchase of electricity energy.
- (4) Purchases from Omsan Lojistik A.Ş., Omsan Denizcilik A.Ş. consist of transportation services.
- (5) Purchases from OYAK Savunma ve Güvenlik Hizmetleri A.Ş. consist of security services.
- (6) Purchases from OYAK Pazarlama Hizmet ve Turizm A.Ş. consist of accommodation, transportation, construction and cleaning services.
- (7) Purchases from Denizli Çimento A.Ş. consist of cement purchased for ready mixed concrete.
- (8) Purchases from Ereğli Demir Çelik Fabrikaları T.A.Ş. and İskenderun Demir ve Çelik A.Ş. consist of purchases of raw material.
- (9) Purchases from Güzel Enerji Yakıt A.Ş. and Doco Petrol ve Danışmanlık A.Ş. consist of fuel purchases.
- (10) Purchases from Kümaş Manyezit Sanayi A.Ş. consist of magnesite refractory brick.
- (11) Sales to Cimpor Cote d'Ivoire SARL consist of cement and clinker sales.

Disclosures related to transactions with related parties for the period 1 January – 31 March 2022 are as follows:

- (1) Purchase from OYAK Çimento A.Ş. consists of reflection amounts of other income and other expenses.
- (2) Purchases from OYKA Kağıt Ambalaj San. ve Tic. A.Ş. consist of purchase of paper bag used in bagged cement sales.
- (3) Purchases from OYAK Elektrik Enerjisi Toptan Satış A.Ş. consist of purchase of electricity energy.
- (4) Purchases from Omsan Lojistik A.Ş., Omsan Denizcilik A.Ş. consist of transportation services.
- (5) Purchases from OYAK Savunma ve Güvenlik Hizmetleri A.Ş. consist of security services.
- (6) Purchases from OYAK Pazarlama Hizmet ve Turizm A.Ş. consist of accommodation, transportation, construction and cleaning services.
- (7) Purchases from Denizli Çimento A.Ş. consist of cement purchased for ready mixed concrete.
- (8) Purchases from Ereğli Demir Çelik Fabrikaları T.A.Ş. and İskenderun Demir ve Çelik A.Ş. consist of purchases of raw material.
- (9) Purchases from Güzel Enerji Yakıt A.Ş. and Doco Petrol ve Danışmanlık A.Ş. consist of fuel purchases.
- (10) Purchases from Kümaş Manyezit Sanayi A.Ş. consist of magnesite refractory brick.
- (11) Sales to Cimpor Cote d'Ivoire SARL consist of cement and clinker sales.

Salaries and other benefits for key management personnel

Key management personnel consists of members of the Board of Directors, vice presidents, general managers and directors. The salaries and similar benefits provided to key management personnel for their services are as follows:

	1 January- 31 March 2023	1 January- 31 March 2022
Salaries and other short-term benefits	23.620.008	10.817.190
	23.620.008	10.817.190

5. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

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

Short-term trade receivables	31 March 2023	31 December 2022
Trade receivables, net	2.104.978.188	2.170.657.129
Income accrual	19.991.771	22.940.000
Notes receivable	293.491.965	241.472.044
Trade receivables from related parties (Note 4)	270.534.953	252.061.558
Provision for doubtful trade receivables and expected loan loss (-)	(79.695.212)	(79.710.058)
	2.609.301.665	2.607.420.673

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

5. TRADE RECEIVABLES AND PAYABLES (cont'd)

a) Trade Receivables (cont'd)

As of the balance sheet date, the Group does not have any long-term trade receivables. Although the collection period of trade receivables varies depending on the type of product and the contracts made with the customer, the average is 1,5 months (31 December 2022: 1,5 months).

As of 31 March 2023, there are receivables from customers who declared concordat amounting to TL 230.984.075 (31 December 2022: TL 253.461.294) and there is a guarantee related to them with registered value amounting in total to TL 76.732.649 (31 December 2022: TL 47.336.833).

As of 31 March 2023, provision for doubtful receivables has been made for the portion of trade receivables amounting to TL 79.695.212 (31 December 2022: TL 79.710.058).

The table of movements related to the Group's provision for doubtful trade receivables is as follows:

Movements of provision for doubtful trade receivables and expected loan loss	1 January- 31 March 2023	1 January- 31 March 2022
Opening balance	(79.710.058)	(116.822.274)
Charge for the period	(24.296)	(11.680)
Collections	39.142	147.238
Closing balance	(79.695.212)	(116.686.716)

b) Trade Payables

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

Short-term trade payables	31 March 2023	31 December 2022
Trade payables	1.462.226.455	1.505.566.357
Trade payables to related parties (Note: 4)	405.345.988	405.603.677
	1.867.572.443	1.911.170.034

The average payment term of trade payables related to the purchase of goods is 2 months (31 December 2022: 2 months).

6. INVENTORIES

	31 March 2023	31 December 2022
Raw material	1.045.357.253	917.417.269
Semi-finished goods	676.860.737	551.047.534
Finished goods	217.124.078	143.177.028
Trade goods	2.529.027	2.629.851
Impairment on inventories (-)	(33.751.279)	(33.751.279)
Goods in transit	195.473.231	189.768.031
Other inventories	4.824.990	3.929.943
	2.108.418.037	1.774.218.377

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(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

7. PREPAID EXPENSES AND DEFERRED INCOME

a) Prepaid Expenses

Short-term Prepaid Expenses	31 March 2023	31 December 2022
Prepaid expenses	28.075.833	21.504.750
Prepaid insurance	28.815.803	36.276.658
Advances given for inventory purchases	113.642.996	130.366.408
	170.534.632	188.147.816

Long-term Prepaid Expenses	31 March 2023	31 December 2022
Prepaid expenses	396.595	35.870.930
Advances given for fixed asset purchase	62.241.798	16.334.772
	62.638.393	52.205.702

b) Deferred Income

Short-term Deferred Income	31 March 2023	31 December 2022
Deferred income and advances received	106.181.734	95.494.904
Deferred income	20.064.700	17.826.959
	126.246.434	113.321.863

Long-term Deferred Income	31 March 2023	31 December 2022
Deferred income	671.685	1.343.369
	671.685	1.343.369

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements for the Three-month Interim Period Ended 31 March 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

8. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

a) Property, plant and equipment

Net book value of property, plant and equipment held in the three-month period ended on 31 March 2023 amounts to TL 2.524.169.085 (31 December 2022: TL 2.488.219.540).

Property, plant and equipment purchased in the three-month period ended on 31 March 2023 amounts to TL 97.638.059 (31 March 2022: TL 116.272.452).

Property, plant and equipment sold in the three-month period ended on 31 March 2023 amounts to TL 9.955 (31 March 2022: TL 894.467).

b) Intangible Assets

Net book value of intangible assets held in the three-month period ended on 31 March 2023 amounts to TL 66.350.219 (31 December 2022: TL 66.631.251).

Intangible assets purchased in the three-month period ended on 31 March 2023 amounts to TL 1.412.566 (31 March 2022: TL 21.050).

There are no intangible assets sold in the three-month period ended on 31 March 2023 (31 March 2022: None).

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements
for the Three-month Interim Period Ended 31 March 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

9. FINANCIAL INVESTMENTS

Short-term financial investments	31 March 2023	31 December 2022
Financial investments at fair value through profit or loss		
<i>Shares Traded on the Stock Exchange</i>		
<i>Ereğli Demir Çelik Fabrikaları A.Ş.</i>	203.330.005	236.873.712
<i>Shares not Traded on the Stock Exchange</i>		
<i>Other financial investments</i>	11.126.951	10.429.708
<i>Currency Protected Time Deposits</i>		
<i>Currency Protected Time Deposits</i>	-	18.993.114
	214.456.956	266.296.534

The Group's share in Ereğli Demir Çelik Fabrikaları A.Ş. is less than 1%. The shares traded in the stock exchange are valued at the closing price on the balance sheet date.

10. PROVISIONS

Short-term provisions	31 March 2023	31 December 2022
State provision for the mine (*)	39.162.095	21.642.099
Provision for legal cases	20.036.887	20.036.887
Other short-term provisions (**)	83.853.441	53.370.238
	143.052.423	95.049.224

(*) The amount of provision set for state rights that the Group pays for the mines every year in the sixth month of the following year.

(**) Other provisions consist of sales premiums to be paid to the retailers and other various provisions.

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements for the Three-month Interim Period Ended 31 March 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

10. PROVISIONS (cont'd)

	31 March 2023	31 December 2022
Long-term provisions		
Provision for land occupation	10.162.839	10.162.839
Mine rehabilitation fee	17.737.970	17.737.970
	27.900.809	27.900.809

The movement of short and long-term provisions as of 31 March 2023 and 2022 is presented below.

	Short-term			Long-term	
	State provision for the mine	Provision for legal cases	Other provisions	Mine rehabilitation fees	Provision for land occupation
As of 1 January 2023	21.642.099	20.036.887	53.370.238	17.737.970	10.162.839
Additional provision	17.519.996	-	32.100.617	-	-
Payments during the period	-	-	(1.617.414)	-	-
31 March 2023	39.162.095	20.036.887	83.853.441	17.737.970	10.162.839

	Short-term			Long-term	
	State provision for the mine	Provision for legal cases	Other provisions	Mine rehabilitation fees	Provision for land occupation
As of 1 January 2022	12.238.824	11.491.335	9.896.332	3.727.126	2.531.585
Additional provision	4.167.319	-	13.988.104	-	600.000
Payments during the period	-	-	(8.825.109)	-	-
31 March 2022	16.406.143	11.491.335	15.059.327	3.727.126	3.131.585

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements
for the Three-month Interim Period Ended 31 March 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

11. COMMITMENTS

Guarantees-Pledges-Mortgages (“GPM”) given by the Company

31 March 2023	TL	US Dollars (TL equivalent)	Euro (TL equivalent)	Total TL
A. Total Amount of GPMs Given for the Company’s Own Legal Personality	222.378.052	15.416.218	-	206.961.834
- <i>Guarantee Letters</i>	222.378.052	15.416.218	-	206.961.834
B. Total Amount of GPMs Given on behalf of Fully Consolidated Companies	-	-	-	-
C. Total Amount of GPMs given in the Normal Course of Business Activities on Behalf of Third Parties	-	-	-	-
D. Total Amount of Other GPMs Given				
i. Total Amount of GPMs Given on Behalf of the Parent	-	-	-	-
ii. Total Amount of GPMs Given on Behalf of Other Group Companies Which Are Not in Scope of B and C	-	-	-	-
iii. Total Amount of GPMs Given on Behalf of Third Parties Which Are Not in Scope of C	-	-	-	-
Total	222.378.052	15.416.218	-	206.961.834

Guarantees-Pledges-Mortgages (“GPM”) given by the Company

31 December 2022	TL	US Dollars (TL equivalent)	Euro (TL equivalent)	Total TL
A. Total Amount of GPMs Given for the Company’s Own Legal Personality	208.609.004	15.077.199	-	223.686.203
- <i>Guarantee Letters</i>	208.609.004	15.077.199	-	223.686.203
B. Total Amount of GPMs Given on behalf of Fully Consolidated Companies	-	-	-	-
C. Total Amount of GPMs given in the Normal Course of Business Activities on Behalf of Third Parties	-	-	-	-
D. Total Amount of Other GPMs Given				
i. Total Amount of GPMs Given on Behalf of the Parent	-	-	-	-
ii. Total Amount of GPMs Given on Behalf of Other Group Companies Which Are Not in Scope of B and C	-	-	-	-
iii. Total Amount of GPMs Given on Behalf of Third Parties Which Are Not in Scope of C	-	-	-	-
Total	208.609.004	15.077.199	-	223.686.203

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements
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(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

12. BORROWINGS

	31 March 2023	31 December 2022
Short-term borrowings		
Bank loans	756.397.410	572.248.543
Lease liabilities	19.541.227	17.210.688
Borrowing instruments issued	305.299.134	305.892.371
	1.081.237.771	895.351.602
Long-term borrowings		
Long-term lease liabilities	46.092.713	41.113.604
	46.092.713	41.113.604

The details of bank loans are as follows:

Currency	Weighted average interest rate	31 March 2023	
		Short-term	Long-term
TL	14,99%	735.761.317	-
EUR	EURSTR+2,25	20.636.093	-
		756.397.410	-
Currency	Weighted average interest rate	31 December 2022	
		Short-term	Long-term
TL	16,75%	552.432.499	-
EUR	EURSTR+2,25	19.816.044	-
		572.248.543	-

The repayment schedule of the Group for bank loans as of 31 March 2023 and 31 December 2022 is as follows:

	31 March 2023	31 December 2022
Payable within 1 year	756.397.410	572.248.543
Payable within 1 - 2 years	-	-
Payable within 2 - 3 years	-	-
Payable within 3 - 4 years	-	-
	756.397.410	572.248.543

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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13. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Share Capital and Treasury Shares

As of 31 March 2023 and 31 December 2022, the paid-in capital structure of the Company is as follows:

Shareholders	%	31 March 2023	%	31 December 2022
OYAK Çimento A.Ş.	74,00	858.298.034	73,25	849.507.227
Publicly traded	26,00	301.495.407	26,75	310.286.214
Nominal capital	100	1.159.793.441	100	1.159.793.441
Total capital		1.159.793.441		1.159.793.441
Inflation adjustment		134.868.176		134.868.176
Adjusted capital		1.294.661.617		1.294.661.617

As of 31 March 2023, the capital of the Company consists of 115.979.344.100 shares (31 December 2022: 115.979.344.100 shares). The nominal value of the shares is TL 0,01 per share (31 December 2022: per share TL 0,01).

On February 22nd, 2023 OYAK Çimento A.Ş. purchased Oyak Çimento Fabrikaları A.Ş.'s shares between 36.08-41.50 TL for a total nominal value of 8.790.807 TL. With this transaction, OYAK Çimento A.Ş.'s share/voting rights on OYAK Çimento Fabrikaları A.Ş. became 74,00%.

b) Restricted reserves appropriated from profit

The Group reserves 5% of the historical statutory profit as first legal reserve, until the total reserve reaches 20% of the historical paid in share capital according to Turkish Commercial Law. 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. Details of restricted reserves appropriated profit are as follows:

	31 March 2023	31 December 2022
Legal Reserves	405.954.871	405.954.871
	405.954.871	405.954.871

14. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Current tax liability

	31 March 2023	31 December 2022
Current corporate tax	98.386.721	649.282.426
Less: Prepaid taxes and funds	203.312.460	(399.173.667)
Tax liability for the profit for the period to be paid	301.699.181	250.108.759

Tax expense in statement of profit or loss and other comprehensive income

	1 January- 31 March 2023	1 January- 31 March 2022
The tax expense / (income) consists of:		
Current tax expense	98.386.721	55.773.359
Tax income relating to the origination and reversal of temporary differences	(155.551.134)	(2.939.882)
Total tax expense / (income)	(57.164.413)	52.833.477

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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14. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Corporate Tax:

The Group except its subsidiary in Romania is subject to Turkish corporate taxes in force. The necessary provisions are allocated in the financial statements for the estimated liabilities based on the Group's results for the current period. 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.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and other incentives (prior year's losses if any and investment incentives used if preferred) utilized.

"Law on the Amendment of Certain Tax Laws and Some Other Laws" numbered 7061 was published in the Official Newspaper dated 5 December 2017 and numbered 30261. In Article 89 of this Law, amendments are made in the 5th article entitled "Exceptions" of the Corporate Tax Law. The first paragraph of the article; (a) the 75% exemption applied to the earnings generated by the sale of immovable properties in the assets of the institutions for two full years has been reduced to 50%. This regulation entered into force on 5 December 2017.

The effective corporate tax rate in Turkey is 20% (2022: 23%). For Cimpor Romania Terminal SRL, the taxable corporate income subjected to Romanian law, is calculated as 16% on the remaining basis after deducting deductible expenses (2022: 16%).

Deferred Tax:

The Group recognizes deferred tax assets and liabilities based upon the temporary differences arising between its taxable statutory financial statements and its financial statements prepared in accordance with the TFRS. These differences usually result in the recognition of revenue and expenses in different reporting periods for the TFRS regulations and tax purposes.

Provisional Article 32 of the Tax Procedure Law and repeated Article 298-Ç; Taxpayers are allowed to revalue their depreciable economic assets and immovables with tax as of 31 December 2022 and taxfree in the following period, respectively. In this framework, a revaluation has been made in the legal financial statements, and as a result of the revaluation, a deferred tax asset of TL 2.034.246.558 has been recorded in the consolidated financial statements.

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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14. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

The tax rate used in the calculation of deferred tax assets and liabilities is 20% (2022: 20%).

	31 March 2023	31 December 2022
Deferred tax (assets)/liabilities:		
Investment allowance and energy incentive	175.021.696	175.021.696
Provision for employment termination benefit	46.795.953	59.969.310
Provision for doubtful trade receivables	14.213.212	14.213.212
Senior labor incentive bonus provision	20.058.739	19.057.458
Premium provision provided to employees	6.564.009	21.736.023
Provision for legal cases	3.862.546	3.862.546
Provision for mine royalty	7.531.336	4.027.337
Provision for unused vacation	4.719.780	5.035.263
Provision for adequate pay	2.032.567	2.032.567
Provision for sales incentive premium	652.337	652.337
Provision for rehabilitation	3.215.513	3.215.513
Valuation of equity shares	(10.072.024)	(11.749.209)
Revaluation adjustment of tangible and intangible assets	2.034.246.558	1.858.204.705
Depreciation and amortization differences of property, plant and equipment and intangible assets	(244.413.637)	(136.228.513)
Other	123.685.855	13.513.059
	2.188.114.440	2.032.563.304

Reconciliation of tax expense for the period with profit for the period is as follows:

	1 January- 31 March 2023	1 January- 31 March 2022
Reconciliation of tax provision:		
Operating profit before tax	959.895.296	275.238.782
Income tax rate of 20% (2022: 23%)	(191.979.059)	(63.304.920)
Tax effect of:		
- non-deductible expenses	(7.554.608)	(1.771.613)
- exemptions and other discounts	39.019.690	11.090.099
- revaluation effect	176.041.853	-
- effect of tax rate change	4.961.660	-
- other adjustments	36.674.877	1.152.957
Tax provision expense in the statement of profit or loss and other comprehensive income	57.164.413	(52.833.477)

15. EARNING PER SHARE

	1 January - 31 March 2023	1 January - 31 March 2022
Earning per Share		
Profit for the period	1.017.059.709	222.405.305
Average amount of shares available during the period	115.979.344.100	115.979.344.100
Earning per share from ongoing activities (TL 1 nominal cost)	0,88	0,19

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(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

16. REVENUE AND COST OF SALES

a) Revenue	1 January- 31 March 2023	1 January- 31 March 2022
Domestic sales	3.619.276.284	1.303.494.503
Foreign sales (export)	289.098.300	287.145.623
Foreign sales (export listed)	87.157.879	67.950.313
Sales discounts (-)	(17.012.886)	(5.148.163)
Other income	13.807.609	4.307.999
Net Sales	3.992.327.186	1.657.750.275

As of 31 March 2023, the Group recognized sales income amounting to TL 3.992.327.186 (31 March 2022: TL 1.657.750.275) related to performance obligations at a point in time.

b) Cost of sales	1 January- 31 March 2023	1 January- 31 March 2022
Direct raw material and material expenses	(1.919.424.950)	(1.169.296.735)
Direct labor expenses	(86.594.528)	(26.822.180)
Depreciation and amortization expenses	(63.207.229)	(46.329.005)
Production overhead personnel expenses	(127.451.205)	(62.980.237)
Other production overhead expenses	(583.872.701)	(271.330.733)
Total production cost	(2.780.550.613)	(1.576.758.890)
Change in semi-finished product inventories	125.813.203	191.266.924
Change in finished product inventories	73.947.050	78.280.786
Cost of trade goods sold	(4.630.161)	(5.486.248)
	(2.585.420.521)	(1.312.697.428)

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17. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for the periods ended on 31 March 2023 and 2022 are as follows:

Other Income from Operating Activities	1 January- 31 March 2023	1 January- 31 March 2022
Operational exchange difference income	25.711.767	69.686.927
Scrap, material sales and service profit	4.959.603	1.653.390
Compensation and penalty income	1.360.522	-
Maturity and interest income from forward sales	392.629	855.122
Discount interest income	-	538.095
Other income	22.086.330	2.640.321
	54.510.851	75.373.855

The details of other expenses from operating activities for the periods ended on 31 March 2023 and 2022 are as follows:

Other Expenses from Operating Activities	1 January- 31 March 2023	1 January- 31 March 2022
Donation expenses (*)	(320.210.456)	(63.635)
Operational exchange difference expense	(24.789.110)	(59.686.201)
Discount interest expense	(347.070)	-
Compensation and penalty expense	-	(150.210)
Other expenses	(1.075.748)	(5.260.278)
	(346.422.384)	(65.160.324)

(*) TL 320.159.743 of the balance consists donations made due to the earthquakes that took place in our country on February 6, 2023.

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18. INCOME FROM INVESTMENT ACTIVITIES

The details of income from investment activities for the periods ended 31 March 2023 and 2022 are as follows:

	1 January - 31 March 2023	1 January - 31 March 2022
Income from investment activities		
Rent income from investment properties	815.061	625.873
Profit from sale of fixed assets	1.685	1.167.380
Dividend income	-	25.559.845
Valuation difference of financial assets measured at FVTPL	-	24.468.539
Other income from investment activities	301.120	-
	1.117.866	51.821.637
	1 January – 31 March 2023	1 January - 31 March 2022
Expenses from investment activities		
Valuation difference of financial assets measured at FVTPL	(33.543.707)	-
Rent income from investment properties and other expenses	(262.767)	(84.680)
Loss on sale of disposal of fixed assets	-	(22.075)
	(33.806.474)	(106.755)

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(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

19. FINANCE INCOME AND EXPENSES

The details of finance income for the periods ended 31 March 2023 and 2022 are as follows:

Finance Income	1 January - 31 March 2023	1 January - 31 March 2022
Finance exchange gains	11.581.462	7.266.225
Interest income	110.430.353	4.665.996
Other finance income	-	56.559
	122.011.815	11.988.780

The details of finance expenses for the periods ended 31 March 2023 and 2022 are as follows:

Finance Expenses	1 January - 31 March 2023	1 January - 31 March 2022
Interest expense	(40.896.281)	(27.529.590)
Finance exchange loss	(1.331.011)	(6.047.246)
Employment termination benefits interest cost	(11.280.589)	(5.517.871)
Senior labor interest cost	(3.710.435)	(2.041.857)
Other financial expenses	(11.988.263)	(3.467.767)
	(69.206.579)	(44.604.331)

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(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

20. THE NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Capital risk management

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

The capital structure of the Group consists of payables, which include the loans disclosed in Note 12, and equity items which comprise cash and cash equivalents, issued capital, reserves and prior years' profits, respectively.

The Group's key management reviews the cost of capital and risks related to each capital level. Based on recommendations of key management, the Group balances its overall capital structure through the payment of dividends, new share issues and acquiring own shares, as well as the issue of new debt or the redemption of existing debt.

The Group management examines the capital by leverage ratio in order to be consistent with other companies in the industry. This ratio is calculated by dividing net debt by total capital. Net debt is obtained by subtracting cash and cash equivalents from total loans (including current and non-current loans as shown in the balance sheet). Total capital is calculated by adding "equity" item in the consolidated balance sheet and net debt.

Net Debt/Total Capital Ratio

	31 March 2023	31 December 2022
Financial payables (Note: 12)	1.127.330.484	936.465.206
Less: Cash and Cash Equivalents (Note:3)	(2.595.514.415)	(1.770.851.233)
Less: Short-term Financial Investments (Note: 9)	(214.456.956)	(266.296.534)
Net Debt	(1.682.640.887)	(1.100.682.561)
Total Equity	8.381.367.792	7.364.215.108
Total Capital	6.698.726.905	6.263.532.547
Net Debt/Total Capital Ratio	-	-

b) Financial Risk Factors

The Group's activities expose it to market risk (currency risk, price risk), credit risk and liquidity risk. Group's risk management programme generally focuses on uncertainty in financial markets and minimizing potential negative effects on Group's financial performance.

The main financial instruments used by the Group are bank loans, bonds issued, cash and short-term bank deposits. The main purpose of using these tools is to create financing for the Group's operations. The Company also has financial instruments, such as trade receivables and trade payables, which arise directly from operations.

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(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

b) Financial Risk Factors (cont'd)

b.3) Market risk management

The operations of the Group are primarily exposed to financial risks related to changes in the exchange rate and interest rate.

Market risks are also evaluated with sensitivity analyses.

Foreign currency risk management

Transactions in foreign currency cause exchange rate risk. The Group is mainly exposed to foreign currency risk in Euro and US Dollar.

The breakdown of the Group's monetary and non-monetary assets and liabilities in foreign currency as of balance sheet date is as follows:

	31 March 2023			
	TL Equivalent (Functional currency)	US Dollars	EURO	GBP
1 Trade Receivable	318.034.722	7.903.245	7.995.313	-
2 Monetary Financial Assets	389.270.753	18.194.400	1.936.865	17.574
3 Prepaid Expenses	12.051.997	26.521	553.747	50
4 Other Current Assets	4.644.349	149.830	85.134	-
5 CURRENT ASSETS (1+2+3+4)	724.001.821	26.273.996	10.571.059	17.624
6 NON-CURRENT ASSETS	45.685.523	501.500	1.730.880	-
7 TOTAL ASSETS (5+6)	769.687.344	26.775.496	12.301.939	17.624
8 Short-term liabilities	583.412.797	20.154.238	9.419.213	25
9 Long-term liabilities	-	-	-	-
10 TOTAL LIABILITIES (8+9)	583.412.797	20.154.238	9.419.213	25
11 Net foreign currency asset liability position (7-10)	186.274.547	6.621.258	2.882.726	17.599
12 Export	228.929.033	10.584.861	1.246.754	-
13 Export-registered sales	9.284.371	-	445.000	-
14 Import	393.891.242	18.813.102	1.592.939	-

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

b) Financial Risk Factors (cont'd)

Foreign currency risk management (cont'd)

	31 December 2022			
	TL Equivalent (Functional currency)	US Dollar	EURO	GBP
1. Trade Receivables	323.528.806	9.458.523	7.357.474	-
2. Monetary Financial Assets (including cash, bank deposits)	387.359.033	16.321.101	4.122.528	-
3. Other Current Assets	34.644.284	238.297	1.478.718	31.590
4. Current Assets (1+ 2 + 3)	745.532.123	26.017.921	12.958.720	31.590
5. Non-Current Assets	37.526.639	504.000	1.409.723	-
6. Total Assets (4 + 5)	783.058.762	26.521.921	14.368.443	31.590
7. Current Liabilities	685.253.359	26.263.726	9.678.192	-
8. Non-current Liabilities	-	-	-	-
9. Total Liabilities (7 + 8)	685.253.359	26.263.726	9.678.192	-
10. Net foreign currency asset liability position (6 - 9)	97.805.403	258.195	4.690.251	31.590
11. Monetary items net foreign currency asset/liability position (6 - 9)	97.805.403	258.195	4.690.251	31.590
10. Export	1.422.127.255	62.561.492	12.593.667	-
11. Export-registered sales	62.428.139	2.287.610	983.076	-
12. Import	1.269.540.434	63.499.797	4.066.196	-

Foreign currency sensitivity

The Group is mainly exposed to foreign currency risk in Euro and US Dollar.

The following table details the Group's sensitivity to a 20% increase and decrease in the US Dollar and Euro. 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. Positive value indicates an increase in profit or loss and other equity items.

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

b) Financial Risk Factors (cont'd)

Foreign currency risk management (cont'd)

Foreign currency sensitivity (cont'd)

	31 March 2023	
	Profit / Loss	Profit / Loss
	Appreciation of foreign currency	Depreciation of foreign currency
In case of 20% appreciation of US Dollar against TL		
1 - USD net asset / liability	25.386.566	(25.386.566)
2- Portion hedged from USD risk (-)	-	-
3 – USD net effect (1+2)	<u>25.386.566</u>	<u>(25.386.566)</u>
In case of 20% appreciation of Euro against TL		
4 - Euro net asset / liability	12.028.894	(12.028.894)
5 - Portion hedged from Euro risk (-)	-	-
6 – Euro net effect	<u>12.028.894</u>	<u>(12.028.894)</u>
TOTAL (3 + 6)	<u>37.415.460</u>	<u>(37.415.460)</u>

	31 December 2022	
	Profit / Loss	Profit / Loss
	Appreciation of foreign currency	Depreciation of foreign currency
In case of 20% appreciation of US Dollar against TL		
1 - USD net asset / liability	966.431	(966.431)
2- Portion hedged from USD risk (-)	-	-
3- USD net effect (1 +2)	<u>966.431</u>	<u>(966.431)</u>
In case of 20% appreciation of Euro against TL		
4 - Euro net asset / liability	18.716.777	(18.716.777)
5 - Portion hedged from Euro risk (-)	-	-
6- Euro net effect (4+5)	<u>18.716.777</u>	<u>(18.716.777)</u>
TOTAL (3 + 6)	<u>19.683.208</u>	<u>(19.683.208)</u>

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Notes to the Condensed Consolidated Financial Statements for the Three-month Interim Period Ended 31 March 2023

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

Fair value hierarchy table

As of 31 March 2023 and 31 December 2022, the Group has the following financial assets and liabilities carried at fair value:

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; and

Level 3: the fair value of the financial assets and financial liabilities are determined where there is no observable market data.

Level classification of financial assets and liabilities recognized at fair value:

Some financial assets and financial liabilities of the Group are recognized in the consolidated financial statements at their fair values on each balance sheet date. The table below provides the information on how the fair values of these financial assets and liabilities are determined:

Fair value hierarchy table:

Financial assets at fair value in the balance sheet	31 March 2023		
	Level 1	Level 2	Level 3
Financial assets at FVTPL	203.330.005	-	-
Other financial assets	-	11.126.951	-

Financial assets at fair value in the balance sheet	31 December 2022		
	Level 1	Level 2	Level 3
Equity shares	236.873.712	-	-
Other financial assets	-	10.429.708	-
Currency protected time deposits	-	18.993.114	-

21. EVENTS AFTER BALANCE SHEET

None.