LİMAK ÇİMENTO SANAYİ VE TİCARET A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2024

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AT 30 SEPTEMBER 2024 AND 31 DECEMBER 2023

(Amounts on tables expressed in thousands of Turkish Lira (“TRY”) in terms of purchasing power of the TRY on 30 September 2024 unless otherwise stated.)

	Notes	30.09.2024	31.12.2023
ASSETS			
Current assets			
Cash and cash equivalents	3	2,917,449	1,648,820
Trade receivables	4	5,548,063	5,597,916
Due from related parties	5	22,398	48,728
Inventories	6	2,908,494	3,360,681
Other current assets	7	657,076	299,822
Total current assets		**12,053,480**	**10,955,967**
Non-current assets			
Investment properties	8	19,006,801	19,006,801
Property, plant and equipment	9	27,541,255	27,947,130
Intangible assets	10	462,035	217,717
Deferred tax assets	16	303,541	17,706
Other non-current assets	7	442,593	215,807
Total non-current assets		**47,756,225**	**47,405,161**
Total assets		**59,809,705**	**58,361,128**

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

LİMAK ÇİMENTO SANAYİ VE TİCARET A.Ş.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 30 SEPTEMBER 2024 AND 31 DECEMBER 2023

(Amounts on tables expressed in thousands of Turkish Lira (“TRY”) in terms of purchasing power of the TRY on 30 September 2024 unless otherwise stated.)

	Notes	30.09.2024	31.12.2023
LIABILITIES			
Current liabilities			
Short-term borrowings	11	1,806,226	7,791,774
Trade payables	12	3,120,147	3,408,778
Due to related parties	13	2,727	553,380
Current income tax liabilities	16	154,628	112,435
Other current liabilities	14	701,619	811,053
Total current liabilities		**5,785,347**	**12,677,420**
Non-current liabilities			
Long-term borrowings	11	17,786,824	16,992,945
Due to related parties	13	1,713,883	2,832,817
Provision for employment termination benefits	17	345,233	330,678
Deferred tax liabilities	16	3,679,991	1,711,455
Other non-current liabilities	14	169,136	128,059
Total liabilities		**23,695,067**	**21,995,954**
Total non-current liabilities		**29,480,414**	**34,673,374**
EQUITY			
Share capital	18	2,663,856	2,663,856
Revaluation surplus		970,173	1,071,745
Actuarial gains or losses		(156,888)	(143,426)
Currency translation reserve		297,409	22,171
Retained earnings		25,381,307	20,730,182
Equity attributable to owners of the parent		**29,155,857**	**24,344,528**
Non-controlling interests		**1,173,434**	**(656,774)**
Total equity		**30,329,291**	**23,687,754**
Total liabilities and equity		**59,809,705**	**58,361,128**

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

(Amounts on tables expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY on 30 September 2024 unless otherwise stated.)

	Notes	30.09.2024	30.09.2023
Revenue	19	20,172,990	21,249,037
Cost of sales	20	(12,055,268)	(13,332,410)
Gross profit		**8,117,722**	**7,916,627**
Marketing, selling and distribution expenses	21	(1,193,071)	(827,420)
General administrative expenses	22	(1,007,283)	(655,697)
Other income/(expense), net	24	30,673	(67,842)
Operating profit		**5,948,041**	**6,365,668**
Financial income/(expense), net	25	(4,483,204)	(10,337,438)
Net monetary position gain		3,994,294	8,841,114
Profit before income tax		**5,459,131**	**4,869,344**
Taxation on income	16	(1,947,742)	45,515
Profit for the period		**3,511,389**	**4,914,859**
Attributable to:			
Equity holders of the parent		3,270,046	5,016,453
Non-controlling interests		241,343	(101,594)
Earnings per share	**28**	**0.0147**	**0.0226**

(Amounts on tables expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY on 30 September 2024 unless otherwise stated.)

	30.09.2024	30.09.2023
Profit for the period	**3,511,389**	**4,914,859**
Revaluation of property, net of tax	(3,501)	185,071
Actuarial gains or losses, net of tax	(29,970)	(24,686)
Currency translation differences	263,300	68,750
Total comprehensive income	**3,741,218**	**5,143,994**
Attributable to:		
Equity holders of the parent	3,499,875	5,282,607
Non-controlling interests	241,343	(138,613)

LİMAK ÇİMENTO SANAYİ VE TİCARET A.Ş.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2024 AND 2023

(Amounts on tables expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY on 30 September 2024 unless otherwise stated.)

	Share capital	Revaluation surplus	Actuarial gains or losses	Currency translation reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balances at 1 January 2023	**2,663,856**	**378,926**	**(76,911)**	**19,562**	**12,723,956**	**15,709,389**	**(506,338)**	**15,203,051**
Total comprehensive income/(loss)	--	185,071	(24,686)	105,769	5,016,453	5,282,607	(138,613)	5,143,994
Balances at 30 September 2023	**2,663,856**	**563,997**	**(101,597)**	**125,331**	**17,740,409**	**20,991,996**	**(644,951)**	**20,347,045**
Balances at 1 January 2024	**2,663,856**	**1,071,745**	**(143,426)**	**22,171**	**20,730,182**	**24,344,528**	**(656,774)**	**23,687,754**
Transactions with non-controlling interests (Note 1)	--	(98,071)	16,508	11,938	1,381,079	1,311,454	1,588,865	2,900,319
Total comprehensive income/(loss)	--	(3,501)	(29,970)	263,300	3,270,046	3,499,875	241,343	3,741,218
Balances at 30 September 2024	**2,663,856**	**970,173**	**(156,888)**	**297,409**	**25,381,307**	**29,155,857**	**1,173,434**	**30,329,291**

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

LİMAK ÇİMENTO SANAYİ VE TİCARET A.Ş.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2024 AND 2023

(Amounts on tables expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY on 30 September 2024 unless otherwise stated.)

	30.09.2024	30.09.2023
Operating activities:		
Profit before income tax	**5,459,131**	**4,869,344**
Adjustment for:		
Depreciation and amortisation	1,493,749	1,633,987
Provision for employment termination benefits	108,130	76,085
Provision for doubtful receivables	4,803	132,801
Fair value gain on investment properties	--	(49,371)
Gains on sale of fixed assets and scraps	(24,005)	(7,697)
Financial income	(242,022)	(68,797)
Financial expense	4,725,226	10,406,235
Monetary gains	(3,994,294)	(8,841,114)
Cash flows from operating activities before changes in operating assets and liabilities	**7,530,718**	**8,151,473**
Changes in operating assets and liabilities:		
Trade receivables	(1,432,520)	(1,878,691)
Inventories	(291,952)	(1,358,109)
Other assets	(317,958)	(528,983)
Trade payables	611,116	1,111,861
Other liabilities	179,522	563,081
Due from related parties	13,468	(51,921)
Due to related parties	(146,024)	(11,919)
Income taxes payments	(262,485)	(3,988)
Employment termination benefits payments	(41,410)	(82,937)
Cash flows from operating activities	**5,842,475**	**5,909,867**
Investing activities:		
Purchases of property, plant and equipment	(1,542,023)	(746,066)
Advances given for purchase of sales of property, plant and equipment	(393,611)	--
Proceeds from sales of property, plant and equipment	31,907	14,249
Purchases of intangible assets	(257,535)	(16,602)
Proceeds from sales of investment properties	--	397,892
Proceeds from initial public offering of the subsidiary	2,900,318	--
Interest received	242,022	68,797
Cash flows from/(used in) investing activities	**981,078**	**(281,730)**
Financing activities:		
Eurobond issuance	18,505,545	--
Borrowings	(21,038,669)	(1,231,055)
Related party balances	(269,545)	(201,544)
Interest paid	(2,317,049)	(2,558,079)
Cash flows used in financing activities	**(5,119,718)**	**(3,990,678)**
Inflation effect on cash and cash equivalents	(435,206)	(223,687)
Net increase in cash and cash equivalents	1,268,629	1,413,772
Cash and cash equivalents at beginning of year	1,648,820	672,361
Cash and cash equivalents at end of the period	**2,917,449**	**2,086,133**

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

1. Organisation and nature of activities

Limak Çimento Sanayi Ticaret A.Ş. ("Limak Çimento" or "the Company") was incorporated in 1978. The principal activities of the Company and its subsidiaries, (together "the Group") comprise manufacturing of cement, clinker and ready mix concrete. The Company is a member of Limak group of companies. The Company's parent is Limak İnşaat Sanayi ve Ticaret A.Ş. and the Company is ultimately controlled by Limak Holding A.Ş..

The registered address of the Company:
Siirt Yolu Üzeri 4. Km No. 1, Kurtalan, Siirt, Turkey.

The following table sets out the subsidiaries and shows the Company's ownership interest in these entities:

	Country	30.09.2024 Effective interest %	31.12.2023 Effective interest %
Subsidiaries			
Limak Doğu Anadolu Çimento Sanayi ve Ticaret A.Ş. ("LMKDC") (1)	Turkey	69.79	100.00
Limak Afrika SA (2)	Ivory Coast	100.00	65.00
Limak Cimentos SA	Mozambique	100.00	100.00
Limak Cement FZE	Dubai	100.00	100.00
Limak Ege Çimento Sanayi ve Ticaret A.Ş.	Turkey	100.00	100.00
Met Teknik Servis ve Maden Sanayi ve Ticaret A.Ş.	Turkey	--	100.00
Joint ventures			
Muğla Yapı Malzemeleri Sanayi ve Ticaret A.Ş.	Turkey	50.00	50.00

(1) On 28 September 2023, the Company transferred its operations in Şanlıurfa cement factory, together with all related assets and liabilities, to a separate entity through a partial spin-off. The entity then achieved a successful initial public offering process and the 30.21% of its total shares started to be traded in Borsa Istanbul on 22 February 2024. Accordingly, the Group recognised TRY 2,526 million cash injection, out of which TRY 2,106 million as a capital contribution to LMKDC and TRY 420 million as a consideration for sale of the investments in LMKDC by the Company. Total contribution, less directly attributable costs, has been accounted for under equity as transactions with non-controlling interests. Thereafter, on 1 March 2024, the Company further transferred its operations in Ergani cement factory to LMKDC.

(2) The Company purchased entire non-controlling interests in Limak Afrika SA from its partners on 1 March 2024. As a result, Limak Afrika SA has become a wholly owned subsidiary of the Group.

The Group owns and operates eleven cement plants. The composition of the annual capacity, nine-month production and sales volume of cement are summarised (in thousands of tons) as follows:

	30.09.2024			30.09.2023		
Location	**Capacity**	**Production**	**Sales**	**Capacity**	**Production**	**Sales**
Kırklareli, Turkey	2,345	1,030	1,025	2,345	1,205	1,196
Balıkesir, Turkey	2,345	540	544	2,345	496	490
Kilis, Turkey	2,257	1,551	1,548	2,257	1,142	1,150
Şanlıurfa, Turkey	2,146	1,254	1,251	2,146	875	879
Ankara, Turkey	1,800	1,056	1,058	1,800	1,090	932
Diyarbakır, Turkey	1,400	567	571	1,400	452	449
Siirt, Turkey	1,168	395	386	1,168	370	368
Bitlis, Turkey	1,000	168	167	1,000	169	167
Abidjan, Ivory Coast	1,000	225	225	1,000	22	23
Mardin, Turkey	788	173	173	788	149	149
Maputo, Mozambique	700	285	284	700	315	313
Total	**16,949**	**7,244**	**7,232**	**16,949**	**6,285**	**6,116**

2. Basis of presentation of the consolidated financial statements

2.1 Basis of presentation

The Company and its subsidiaries registered in Turkey maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, and the Uniform Chart of Accounts issued by the Ministry of Treasury and Finance. Foreign subsidiaries maintain their books of account and prepare their statutory financial statements in their local currencies in accordance with their commercial practices and tax legislations.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") promulgated by the International Accounting Standards Board (the "IASB").

The consolidated financial statements have been prepared based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS.

Functional and reporting currency

The financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements are presented in TRY, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement except when deferred in other comprehensive income as qualifying cash flow hedges. The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- Income and expenses for each income statement are translated at average exchange rates unless this average is not reasonable approximate of the cumulative effect of the prevailing on the transaction dates in which case income and expenses are translated at the rate on the dates of the transactions, and
- All resulting exchange differences are recognised as a separate component of equity (currency translation reserve), in other comprehensive income

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the effects of inflation in Turkey and except for certain assets and liabilities presented with their fair values.

Financial reporting in hyperinflationary economics

Pursuant to the IAS 29 "Financial Reporting in Hyperinflationary Economies", the financial statements of entities whose functional currency is that of a hyperinflationary economy must be adjusted for the effects of changes in a general price index. IAS 29 does not establish an absolute rate when hyperinflation is deemed to arise and IASB does not identify specific hyperinflationary jurisdictions.

(Amounts on tables expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY on 30 September 2024 unless otherwise stated.)

2. Basis of presentation of the consolidated financial statements (Continued)

Basis of measurement (Continued)

Financial reporting in hyperinflationary economics (Continued)

However, IAS 29 provides a series of non-exclusive guidelines that assist companies in exercising their judgement as to when restatement of financial statements becomes necessary. These guidelines consist of (i) analyzing the behavior of the population regarding preservation of wealth in non-monetary assets or in relatively stable foreign currency, prices being quoted in terms of a relatively stable currency, interest rates and wages being linked to a price index, and the loss of the currency's purchasing power, and (ii) as a quantitative characteristic, verifying if the three-year cumulative inflation rate approaches or exceeds 100%. In March 2022, the International Practices Task Force of the Centre for Audit Quality, which monitors countries experiencing high inflation, categorized Turkey as a country with projected three-year cumulative inflation rate greater than 100% as of 28 February 2022. Therefore, entities whose functional currency is TRY, reporting under IFRS have been required to apply IAS 29 to their financial statements for periods ended on and after 30 June 2022.

Under IAS 29, the consolidated financial statements are presented in terms of the measuring unit current as of 30 September 2024. All the amounts included in the consolidated financial statements which are not stated in terms of the measuring unit current at the end of the reporting period are restated applying the general price index. Adjustment for inflation has been calculated considering the price indices published by the Turkish Statistical Institute (Turkstat). Such indices used to restate the financial statements at 30 September 2024 are as follows:

Date	Index	Conversion factor	Three-year inflation rate
30 September 2024	2,526.16	1.00000	343%
31 December 2023	1,859.38	1.35860	268%
30 September 2023	1,691.04	1.49385	254%
31 December 2022	1,128.45	2.23861	156%

The main procedures applied for the restatements in accordance with IAS 29 are as follows:

- Monetary assets and liabilities that are carried at amounts current at the reporting date are not restated because they are already expressed in terms of the measuring unit current at the reporting date.
- Non-monetary assets and liabilities that are not carried at amounts current at the reporting date and components of equity are restated by applying the relevant conversion factors from the date of the transaction to the reporting date.
- All items in the statement of profit or loss and the statement of other comprehensive income, except for those derived from non-monetary assets and liabilities, are restated by applying the monthly conversion factors of the transactions to the reporting date.
- The effects of inflation on the net monetary position are included in the statement of profit or loss as "gains on net monetary position".
- All items in the statement of cash flow are expressed in terms of the measuring unit current at the reporting date; and all items in the statement of cash flows are, therefore, restated by applying the relevant conversion factors from the date on which the transaction originated.
- All corresponding figures as of and for the period ended 30 September 2024 are restated by applying the change in the index from corresponding dates to 30 September 2024.

Going concern

The interim consolidated financial statements have been prepared in accordance with the going concern assumption. The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

2. Basis of presentation of the consolidated financial statements (Continued)

Comparative information

The interim consolidated financial statements of the Group are prepared comparatively to enable the determination of the trends of the financial position and performance. The Group presented the consolidated statement of financial position at 30 September 2024 comparatively with the consolidated statement of financial position at 31 December 2023. The Group presented the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for nine-month period ended 30 September 2024 comparatively with the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for nine-month period ended 30 September 2023.

For ensuring compliance with the current period presentation of financial statements, comparative figures are reclassified if necessary.

2.2 Changes in the accounting policies, estimates and errors

Significant changes in accounting policies or significant errors are corrected, retrospectively; by restating the prior period consolidated financial statements. The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods are recognised in the current and future periods.

2.3 Amendments to new and revised International Financial Reporting Standards

a) Standards, amendments and interpretations applicable as at 1 January 2024:

- Amendments to IAS 1 "Presentation of financial statements": Classification of liabilities as current and non-current liabilities
- Amendments to IFRS 16 "Leases": Lease liability in a sale and leaseback
- Amendments to IAS 7 "Statement of cash flows" and IFRS 7 "Financial instruments: Disclosures": Supplier finance arrangements

b) Standards, amendments and interpretations that are issued but not effective as at 30 September 2024:

- Amendments to IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in associates and joint ventures": Sale or contribution of assets between an investor and its associate or joint venture
- IFRS 17 "Insurance contracts": The new standard for insurance contracts
- Amendments to IAS 21 "The effects of changes in foreign exchange rates": Lack of exchangeability
- IFRS S1 "General requirements for disclosure of sustainability-related financial information"
- IFRS S2 "Climate-related disclosures"

c) The amendments which are effective immediately upon issuance:

- Amendments to IAS 12 "Income taxes": International tax reform – Pillar two model rules

The Group is in the process of assessing the impact of the amendments on consolidated financial position or performance of the Group.

2. Basis of presentation of the consolidated financial statements (Continued)

2.4 Summary of significant accounting policies

The principal accounting policies followed in the preparation of the consolidated financial statements are set forth below:

Principles of consolidation

The interim consolidated financial statements include the accounts of the Company and its subsidiaries. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with IFRS, applying uniform accounting policies and presentation. The results of subsidiaries are included in or excluded from consolidation based on their effective dates of acquisition or disposal, respectively.

Subsidiaries

Subsidiaries are entities over which the Group has control, either (a) through the power to exercise more than 50% of voting rights relating to shares in the companies as a result of ownership interest owned directly and indirectly by itself, and companies owned by them whereby the Company exercises control over the ownership interest of the shares held by them or (b) although not having the power to exercise more than 50% of the voting rights, otherwise has the power to exercise control over financial and operating policies. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and deconsolidated from the date that control ceases.

The Group combines individual income and expenses, assets and liabilities and cash flows of subsidiaries on a line-by-line basis with similar items in the consolidated financial statements. Intercompany transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on consolidation.

Non-controlling interests

The minority shares in the net assets and operating results of subsidiaries are separately classified in the consolidated statements of financial position and statements of profit or loss as "non-controlling interests".

Investment in joint ventures

Joint ventures are entities over which the Group has joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint ventures are accounted for using the equity method of accounting and are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income.

Considering the net assets of the joint venture is immaterial to the Group and the expected cash flows in foreseeable future cannot be reliably estimated, the Group concluded the recoverable amount of its joint venture as uncertain. Accordingly, the Group reduced the carrying value of its investment in joint ventures to zero.

Business combinations

A business combination is accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

In accordance with IFRS 3, goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

2. Basis of presentation of the consolidated financial statements (Continued)

Related parties

Shareholders, members of board of directors and key management personnel, in each case together with their families and companies controlled by or affiliated with them, associates and joint ventures are considered and referred to as related parties.

Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, bank deposits and short-term investments, which can easily be converted into cash for a known amount, has high liquidity with maturities of 3 months or less.

Trade receivables

Trade receivables that are recognised by way of providing goods or services directly to a debtor are accounted for initially at fair value and subsequently are measured at amortised cost, using the effective interest method, less provision for impairment, if any.

A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount. The recoverable amount is the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted by the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to the consolidated statements of profit or loss.

Impairment

The Group has preferred to apply “simplified approach” defined in IFRS 9 for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, the Group measures the loss allowances regarding its trade receivables at an amount equal to “lifetime expected credit losses” except incurred credit losses in which trade receivables are already impaired for a specific reason.

Inventories

Inventories are valued on the basis of the weighted average cost method by considering the cost or the net realisable value, whichever is the lowest. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. The cost of inventories covers all purchasing costs, conversion costs and other expenses made to bring the inventories into their current state and condition.

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 measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. When an owner-occupied property becomes an investment property carried at fair value, the Group applies IAS 16 up to the date of change in use and the carrying value of the owner occupied property is treated as its deemed cost for subsequent accounting. Any change in the fair value of investment properties is recognised in profit or loss. Fair value gains or losses on investment properties are recognised based on individual valuations by certified independent real estate experts.

An investment property is derecognised 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 (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2. Basis of presentation of the consolidated financial statements (Continued)

Property, plant and equipment

Property, plant and equipment (except for land) are carried at acquisition cost, less any accumulated depreciation and any impairment loss. Land is measured at their estimated fair value.

Depreciation on property, plant and equipment (except for land) is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Land improvements	10-25 years
Buildings	25-50 years
Machinery and equipment	4-15 years
Motor vehicles	5 years
Fixtures and fittings	3-15 years
Other fixed assets	4-8 years

Estimated useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The cost of an item of property, plant and equipment comprises:

- Acquisition costs, including import duties and non-refundable purchase taxes, less discounts and rebates
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating
- Employee benefits arising directly from the construction or acquisition of the item of the asset
- Site preparation and expropriation costs for the construction works
- Initial delivery and handling costs
- Installation and assembly costs
- Professional fees
- Borrowing costs eligible for capitalisation

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Fair value less cost to sell is the amount obtainable from the sale of an asset less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other operating income or other operating expense in the consolidated statement of profit or loss.

Revaluation gains or losses on lands are recognised based on individual valuations by certified independent real estate experts.

2. Basis of presentation of the consolidated financial statements (Continued)

Intangible assets

Intangible assets comprise software licenses and other rights. Intangible assets are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives not exceeding 5 years.

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Whenever there is an indication that the intangible is impaired, the carrying amount of the intangible asset is reduced to its recoverable amount and the impairment loss is recognised as an expense.

Leases

<u>*Lessee*</u>

At inception of a contract, the Group assesses whether the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group considers following indicators for the assessment of whether a contract conveys the right to control the use of an identified asset for a period of time or not:

- The contract includes an identified asset,
- A capacity portion of an asset is physically distinct or represents substantially all of the capacity of an asset,
- Group has the right to obtain substantially all of the economic benefits from use of the identified asset,
- Group has the right to direct the use of an identified asset.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease following the consideration of the above mentioned factors.

The lease liabilities are measured at their present value by discounting the unrealised lease payments using the Group's incremental borrowing rate at the date of initial application and classified as other liabilities. The right-of-use assets are accounted for at an amount equal to the lease liabilities (adjusted for the amount of prepaid or accrued lease payments) and classified under property, plant and equipment.

<u>*Lessor*</u>

All the leases that the Group is the lessor are operating leases. Assets leased out under operating leases are classified under property, plant and equipment in the consolidated statement of financial position. Rental income is recognised in the consolidated statement of profit or loss on a straight-line basis over the lease term.

Impairment of assets

Assets that have indefinite useful lives, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2. Basis of presentation of the consolidated financial statements (Continued)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of borrowings are recognised as transaction costs of the borrowing to the extent that it is probable that some or all of the borrowing will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the borrowing will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a considerable 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. Investment income earned by the temporary investment of the part of the borrowing not yet used is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation and deferred income taxes

Taxes on income for the period comprise current tax and the change in deferred income taxes. Current year tax liability consists of the taxes calculated over the taxable portion of the current year income by reference to corporate income tax rates enacted as of the balance sheet date and adjustments provided for previous years' income tax liabilities.

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income taxes.

Deferred income tax liabilities are recognised for all taxable temporary differences, whereas deferred income tax assets resulting from deductible temporary differences and unused investment incentives are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred income tax assets and deferred income tax liabilities related to income taxes levied by the same taxation authority are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Revenue recognition

Revenue includes the invoiced amounts of goods and services sold. Revenues are recognised on an accrual basis at the time when deliveries of goods and services or acceptances are made, the transfer of risks and benefits related to goods are realised, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group, at the fair value of the consideration received or receivable. The significant risks and benefits in sales are transferred when the goods are delivered or legal proprietorship is transferred to the customer. Net sales represent the invoiced value of goods shipped less sales returns and commission and excluding sales taxes.

Interest income: Interest income is accrued on a time-proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

2. Basis of presentation of the consolidated financial statements (Continued)

Provision for employment termination benefits

Provision for employment termination benefits, as required by the Turkish Labour Law, represents the estimated present value of the future probable obligation of the Group arising from the retirement of the employees. Provision which is allocated by using defined benefit pension's current value according to actuarial estimations is calculated by using estimated liability method.

Financial instruments

Classification and measurement

The Group classifies its financial assets and liabilities in three categories: financial assets and liabilities "measured at amortised cost", financial assets and liabilities "measured at fair value through profit or loss", financial assets and liabilities "measured at fair value through other comprehensive income". The classification of financial assets and financial liabilities are determined considering the entity's business model for managing these and the contractual cash flow characteristics of the financial asset or liability. The appropriate classification of financial assets or liabilities is determined at the initial recognition.

Financial assets and liabilities measured at amortised cost

"Financial assets and liabilities measured at amortised cost" are not actively traded and non-derivative assets and liabilities that are held within a business model whose objective is to hold assets or liabilities in order to be entitled to contractual cash flows and the contractual terms of the financial assets and liabilities give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets and liabilities carried at amortised cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets and liabilities measured at amortised cost are accounted for under the statement of profit or loss.

Financial assets and liabilities measured at fair value through profit or loss

Financial assets and liabilities in this category are measured at their fair values at initial recognition and subsequent measurement. Gains and losses on valuation of these financial assets and liabilities are accounted for under profit or loss.

Financial assets and liabilities measured at fair value through other comprehensive income

Financial assets and liabilities in this category are measured at their fair values at initial recognition and subsequent measurement. Gains and losses on valuation of these financial assets and liabilities are accounted for under other comprehensive income.

Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the consolidated financial statements. Insignificant amounts are grouped and presented by means of items having similar substance and function.

Events after the reporting period

The Group adjusts the amounts recognised in the consolidated financial statements to reflect the adjusting events after the reporting period. If non-adjusting events after the balance sheet date have material influences on the economic decisions of users of the consolidated financial statements, they are disclosed in the notes to the consolidated financial statements.

2. Basis of presentation of the consolidated financial statements (Continued)

Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

Provisions

Provisions are recognised when, and only when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are recognised by the amortised amount as of balance sheet date in case that the monetary loss is material. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Commitments and contingencies

Transactions that may give rise to contingencies and commitments are those where the outcome and the performance of which will be ultimately confirmed only on the occurrence or non-occurrence of certain future events, unless the expected performance is remote. Accordingly, contingent losses are recognised in the consolidated financial statements if a reasonable estimate of the amount of the resulting loss can be made. Contingent gains are reflected only if it is probable that the gain will be realised.

Use of estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Earnings per share

Earnings per share presented in the consolidated statement of profit or loss are determined by dividing consolidated net income attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned. The Group's earnings per share are calculated in accordance with "Earnings Per Share".

(Amounts on tables expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY on 30 September 2024 unless otherwise stated.)

3. Cash and cash equivalents

	30.09.2024	31.12.2023
Cash on hand	16,346	10,039
Cash at banks		
- demand deposits	1,325,521	1,611,203
- time deposits	390,924	13,727
Marketable securities [1]	1,159,155	--
Other	25,503	13,851
	2,917,449	**1,648,820**

As at 30 September 2024 and 31 December 2023, terms of the time deposits are up to 3 days.

[1] Marketable securities classified as cash equivalents include short-term US Treasury Bill amounting to USD 34 million.

4. Trade receivables

	30.09.2024	31.12.2023
Customers	4,445,961	4,513,538
Cheques and notes receivables, net	1,298,796	1,318,165
Provision for doubtful receivables and expected credit loss (-)	(196,694)	(233,787)
	5,548,063	**5,597,916**

Movements of provision for doubtful receivables and expected credit loss are as follows:

	01.01-30.09.2024	01.01-30.09.2023
Balance at the beginning of the year	**233,787**	**134,511**
Provision charge	6,039	133,604
Collections and reversals	(1,236)	(803)
Monetary gains	(837)	(3,236)
Effect of translation	(41,059)	(32,466)
Balance at the end of the period	**196,694**	**231,610**

5. Due from related parties

	30.09.2024	31.12.2023
Limak İnşaat Sanayi ve Ticaret A.Ş.	16,857	41,776
Other	5,541	6,952
	22,398	**48,728**

(Amounts on tables expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY on 30 September 2024 unless otherwise stated.)

6. Inventories

	30.09.2024	31.12.2023
Raw materials	2,226,371	2,507,396
Work in process	571,618	717,247
Finished goods	110,505	136,038
	2,908,494	**3,360,681**

7. Other assets

Other current assets	**30.09.2024**	**31.12.2023**
Value added tax receivables	286,775	102,865
Prepaid expenses	286,707	76,023
Advances given	75,894	114,504
Other	7,700	6,430
	657,076	**299,822**

Other non-current assets	**30.09.2024**	**31.12.2023**
Advances given	393,611	--
Deposits and guarantees given	25,918	32,497
Prepaid premiums and commissions	23,064	183,310
	442,593	**215,807**

8. Investment properties

	01.01-30.09.2024	01.01-30.09.2023
Balances at the beginning of the year	**19,006,801**	**18,654,688**
Disposals	--	(397,892)
Transfers (Note 9)	--	775,166
Change in fair value	--	49,371
Balances at the end of the period	**19,006,801**	**19,081,333**

Investment properties include land development projects in Ankara, Gaziantep and Balıkesir.

(Amounts on tables expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY on 30 September 2024 unless otherwise stated.)

9. Property, plant and equipment

	01.01.2024	Additions	Disposals	Transfers	Revaluation	Translation differences	30.09.2024
Cost							
Lands	7,390,771	28,490	(5,155)	--	--	(34,518)	7,379,588
Land improvements	1,626,833	17,286	--	5,557	--	(6,895)	1,642,781
Buildings	6,628,513	139,161	--	118,701	--	(180,121)	6,706,254
Machinery and equipment	40,747,965	106,655	--	605,201	--	(407,220)	41,052,601
Motor vehicles	316,664	46,995	(7,209)	2,084	--	(9,309)	349,225
Fixtures and fittings	1,230,012	40,759	--	1,469	--	(98,862)	1,173,378
Other fixed assets	93,473	--	--	151,605	--	(1,003)	244,075
Construction in progress	792,536	1,162,677	--	(884,617)	--	(150)	1,070,446
	58,826,767	**1,542,023**	**(12,364)**	**--**	**--**	**(738,078)**	**59,618,348**
Accumulated depreciation							
Land improvements	(1,073,944)	(52,340)	--	--	--	12,318	(1,113,966)
Buildings	(3,285,104)	(124,581)	--	--	--	51,968	(3,357,717)
Machinery and equipment	(25,498,631)	(1,208,628)	--	--	--	173,160	(26,534,099)
Motor vehicles	(153,440)	(57,731)	4,462	--	--	5,384	(201,325)
Fixtures and fittings	(789,326)	(37,252)	--	--	--	35,559	(791,019)
Other fixed assets	(79,192)	--	--	--	--	225	(78,967)
	(30,879,637)	**(1,480,532)**	**4,462**	**--**	**--**	**278,614**	**(32,077,093)**
Net book value	**27,947,130**						**27,541,255**

(Amounts on tables expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY on 30 September 2024 unless otherwise stated.)

9. Property, plant and equipment (Continued)

	01.01.2023	Additions	Disposals	Transfers	Revaluation	Translation differences	30.09.2023
Cost							
Lands (*)	7,270,029	--	--	(775,166)	246,761	(7,046)	6,734,578
Land improvements	1,625,686	12,503	--	2,720	--	(12,058)	1,628,851
Buildings	6,575,706	22,668	--	4,649	--	(35,730)	6,567,293
Machinery and equipment	40,401,171	114,833	--	207,691	--	(51,604)	40,672,091
Motor vehicles	189,772	147,633	(8,554)	--	--	(1,710)	327,141
Fixtures and fittings	1,206,591	14,128	--	--	--	(27,563)	1,193,156
Other fixed assets	85,584	--	--	--	--	(757)	84,827
Construction in progress	258,361	434,301	--	(215,060)	--	(26)	477,576
	57,612,900	**746,066**	**(8,554)**	**(775,166)**	**246,761**	**(136,494)**	**57,685,513**
Accumulated depreciation							
Land improvements	(993,562)	(60,716)	--	--	--	1,905	(1,052,373)
Buildings	(3,128,832)	(118,910)	--	--	--	13,504	(3,234,238)
Machinery and equipment	(23,768,079)	(1,382,531)	--	--	--	7,639	(25,142,971)
Motor vehicles	(113,654)	(20,998)	2,002	--	--	1,741	(130,909)
Fixtures and fittings	(742,210)	(37,971)	--	--	--	13,772	(766,409)
Other fixed assets	(77,156)	(1,297)	--	--	--	64	(78,389)
	(28,823,493)	**(1,622,423)**	**2,002**	**--**	**--**	**38,625**	**(30,405,289)**
Net book value	**28,789,407**						**27,280,224**

(*) Lands amounting to TRY 775,166 were transferred to investment property in early 2023 (Note 8).

(Amounts on tables expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY on 30 September 2024 unless otherwise stated.)

10. Intangible assets

	30.09.2024	30.09.2023
Cost	448,523	329,489
Accumulated amortisation	(230,806)	(153,563)
Opening net book value	**217,717**	**175,926**
Additions	257,535	16,602
Amortisation	(13,217)	(11,564)
Cost	706,058	346,091
Accumulated amortisation	(244,023)	(165,127)
Closing net book value	**462,035**	**180,964**

11. Borrowings

Short-term borrowings	30.09.2024	31.12.2023
Debt securities	1,806,226	--
Bank borrowings	--	1,353,725
Current portion of long-term bank borrowings	--	5,063,533
Other borrowings	--	1,374,516
	1,806,226	**7,791,774**

Long-term borrowings	30.09.2024	31.12.2023
Debt securities	17,786,824	--
Bank borrowings	--	16,992,945
	17,786,824	**16,992,945**

The redemption schedule of the long-term borrowings:

	30.09.2024	31.12.2023
2025	--	7,713,220
2026	1,634,531	3,394,758
2027	1,479,157	5,057,160
2028 and over	14,673,136	827,807
	17,786,824	**16,992,945**

Limak Çimento issued USD 575,000,000 Senior Notes on 25 July 2024 with an annual interest rate of 9.75 per cent and a maturity of 5 years in the Irish Stock Exchange PLC trading as Euronext Dublin.

Interest on the Senior Notes is payable semi-annually starting from 25 January 2025.

The Senior Notes will mature on 25 July 2029 at their principal amount together with accrued interest. Fees paid amounting to USD 11,013,201 equivalent on the establishment of debt securities are recognised as transaction costs taken into account as an integral part of the effective interest rate and the calculation of the amortised cost of debt securities.

(Amounts on tables expressed in thousands of Turkish Lira (“TRY”) in terms of purchasing power of the TRY on 30 September 2024 unless otherwise stated.)

12. Trade payables

	30.09.2024	31.12.2023
Suppliers	3,120,147	3,408,778
	3,120,147	**3,408,778**

13. Due to related parties

Current	30.09.2024	31.12.2023
Limak İnşaat Sanayi ve Ticaret A.Ş.	1,927	351,286
Limak Enerji Ticareti A.Ş.	--	202,022
Other	800	72
	2,727	**553,380**

Non-current	30.09.2024	31.12.2023
Limak Holding A.Ş.	1,713,883	2,832,817
	1,713,883	**2,832,817**

14. Other liabilities

Other current liabilities	30.09.2024	31.12.2023
Taxes and duties payable	297,326	289,350
Advances received	170,733	392,532
Due to personnel	82,716	40,353
Unused vacation accruals	52,793	24,600
Lease liabilities	14,585	12,818
Other	83,466	51,400
	701,619	**811,053**

Other non-current liabilities	30.09.2024	31.12.2023
Lease liabilities	86,281	24,501
Mine rehabilitation obligations	82,855	103,558
	169,136	**128,059**

(Amounts on tables expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY on 30 September 2024 unless otherwise stated.)

15. Provisions, contingent assets and contingent liabilities

There are various lawsuits filed against or in favour of the Group. The Group management estimates the outcomes of these lawsuits and estimates their financial impact according to which the necessary provisions are accounted for.

Guarantees received	**30.09.2024**	**31.12.2023**
Letters of guarantee	3,685,075	3,029,792
Cheques and notes	291,219	324,892
Mortgages	84,507	105,229

Guarantees given	**30.09.2024**	**31.12.2023**
Letters of guarantee	140,523	4,598,726
Mortgages (*)	--	25,739,136

(*) The mortgages on property, plant and equipment amounted to TRY 1,500,000, EUR 400,000 and USD 150,000 were given to banks within the scope of project financing. Due to the repayment of the credit facilities at the end of July 2024, there are no longer mortgages given to banks with respect to the credit facilities.

As of 31 December 2023, the Group companies had entered into share pledge, commercial enterprise pledge and account pledge agreements within the scope of acquisition and project finance transactions. The Group entities had to meet several financial and non-financial covenants and commitments with respect to the credit facilities obtained from certain financial institutions for the financing of its projects. Following the full repayment of the credit facilities at the end of July 2024 from the proceeds of the Senior Notes (Note 11), there are no longer financial and non-financial commitments with respect to the credit facilities that have been closed.

Commitments

On 22 April 2024, the Company signed the necessary construction contracts with Sinoma Overseas Development Co. Ltd. for the establishment of a Solar Power Plant (SPP) in Kurtalan, Şanlıurfa, Derik and Ergani facilities in order to protect nature by supporting sustainable energy production, to increase efficiency and to save electricity costs in production facilities. Accordingly, within the framework of the SPP investment to be made in the aforementioned production facilities, the electricity generation power is planned to be 19,903 MWp DC for Kurtalan, 7,722 MWp DC for Şanlıurfa, 4,376 MWp DC for Derik and 3,918 MWp DC for Ergani, totalling 35,919 MWp DC. The total cost of the SPP investments to be realized is USD 23,099,441. Advance payment of USD 3,464,916 was done in August 2024. The rest of the payments will be done in instalments in three years commencing in 2026 and ending in 2028.

16. Taxation on income

Current income tax liabilities	**30.09.2024**	**31.12.2023**
Corporate and income taxes payable	262,420	116,423
Less: Prepaid taxes (-)	(107,792)	(3,988)
	154,628	**112,435**

Turkish tax legislation does not allow for the submission of tax returns over the consolidated financial statements, which include its subsidiaries and joint venture. Therefore, tax considerations reflected in the interim consolidated financial statements have been calculated on a separate-entity basis.

The corporation tax rate is 25% in Turkey in 2024 (2023: 25%). Corporation tax is payable on the total income of each local company after adjusting for certain disallowable expenses, exempt income and allowances.

Advance (prepaid) corporation taxes are payable on quarterly profits at the enacted tax rate. Such taxes after deduction of the taxes prepaid quarterly must be paid in certain months following the periods.

Corporation taxes are declared and paid until the end of the fourth month following the related fiscal year. Advance corporation taxed paid quarterly are offset from annual corporation taxes and any excess may be offset against other debts to the government.

(Amounts on tables expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY on 30 September 2024 unless otherwise stated.)

16. Taxation on income (Continued)

Gains on sale of real estate sales income, with a proportion of 25% is exempt from corporate tax provided that these assets are owned by the respective company more than two years. To be entitled to the exemption, the relevant gain is required to be held in a reserve account in the liabilities and must not be withdrawn from the entity for a period of 5 years. The sales consideration has to be collected up until the end of the second calendar year following the year the sale was realised.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years.

The General Communiqué on the Tax Procedure Law (Serial No: 555) was published on 30 December 2023, under issue number 32415 (2nd Repetition). The communiqué details the procedures and principles for adjusting the accounts for inflation for the fiscal year 2023 and subsequent periods.

Taxation on income	**01.01-30.09.2024**	**01.01-30.09.2023**
Current tax expense	(275,031)	(3,549)
Deferred tax income/(expense)	(1,672,711)	49,064
	(1,947,742)	**45,515**

	30.09.2024	**31.12.2023**
Deferred tax assets	303,541	17,706
Deferred tax liabilities	(3,679,991)	(1,711,455)
Deferred tax assets/(liabilities), net	**(3,376,450)**	**(1,693,749)**

The Group recognises deferred tax assets and liabilities based upon temporary differences arising between its consolidated financial statements prepared in accordance with IFRS and its statutory tax financial statements. Deferred taxes are calculated using the tax rates in accordance with the liability method on temporary differences that will occur in the following periods.

The movements of deferred tax assets and liabilities are as follows:

	01.01-30.09.2024	**01.01-30.09.2023**
Balance at the beginning of the year	**(1,693,749)**	**(3,885,925)**
Recognised in statement of profit or loss	(1,672,711)	49,064
Recognised in statement of other comprehensive income	(9,990)	(8,229)
Balance at the end of the period	**(3,376,450)**	**(3,845,090)**

(Amounts on tables expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY on 30 September 2024 unless otherwise stated.)

16. Taxation on income (Continued)

The breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using principal tax rates are as follows:

	30.09.2024		31.12.2023	
	Cumulative temporary differences	**Deferred tax**	**Cumulative temporary differences**	**Deferred tax**
Carry forward tax losses	582,536	145,634	6,526,056	1,566,254
Tax credits over finance costs	855,904	213,976	1,641,421	393,941
Property, plant and equipment	1,104,725	652,674	1,986,914	920,321
Investment properties	(18,657,093)	(4,664,273)	(18,746,526)	(4,686,632)
Intangible assets	1,944,668	206,948	(52,685)	(12,645)
Provision for employment termination benefits	329,780	82,445	341,493	85,373
Other	(55,416)	(13,854)	153,893	39,639
Deferred tax, net		**(3,376,450)**		**(1,693,749)**

Carryforward tax losses

Deferred income tax assets are recognised for tax losses carried forward to extent that the realisation of the related tax benefit through the future taxable profits is probable.

The expiration dates of such carryforward tax losses are as follows:

	30.09.2024	**31.12.2023**
2024	--	237,037
2025	--	1,158,757
2026	--	2,424,219
2027	528,197	929,151
2028	54,339	54,339
Statutory amounts	**582,536**	**4,803,503**
Inflation effect	--	1,722,553
Indexed amounts	**582,536**	**6,526,056**

(Amounts on tables expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY on 30 September 2024 unless otherwise stated.)

17. Provision for employment termination benefits

	30.09.2024	31.12.2023
Provision for employee termination benefits	345,233	330,678
	345,233	**330,678**

Under Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies, or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

At 30 September 2024, the amount payable consists of one month's salary limited to a maximum TRY 41.83 (31 December 2023: TRY 23.49) for each year of service.

The liability is not funded as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees.

IAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	30.09.2024	31.12.2023
Discount rate (%)	3.63	3.63
Retirement possibility (%)	98.00	98.00

The principal assumption is that maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TRY 41.83 which is effective from 1 July 2024 (1 July 2023: TRY 23.49), has been taken into consideration in calculating the Group's provision for employment termination benefits.

Movements in the provision for employment termination benefits are as follows:

	01.01-30.09.2024	01.01-30.09.2023
Balance at the beginning of the year	**330,678**	**265,907**
Additions	108,130	76,085
Payments	(41,410)	(82,937)
Actuarial gains or losses	39,961	32,914
Monetary gains	(93,822)	(157,080)
Effect of translation	1,696	3,266
Balance at the end of the period	**345,233**	**138,155**

(Amounts on tables expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY on 30 September 2024 unless otherwise stated.)

18. Equity

Share capital

The shareholding structure of the Company is as follows:

	30.09.2024		31.12.2023	
	Amount	**%**	**Amount**	**%**
Limak İnşaat Sanayi ve Ticaret A.Ş.	122,788	55.31	122,788	55.31
Yapısan Turizm İnşaat A.Ş.	92,986	41.89	92,986	41.89
Limak Holding A.Ş.	6,223	2.80	6,223	2.80
Paid-in share capital	**221,997**	**100.00**	**221,997**	**100.00**
Adjustments to share capital	2,441,859		2,441,859	
Total share capital	**2,663,856**	**100.00**	**2,663,856**	**100.00**

The issued and paid-in share capital of the Company comprised of 221,996,463 shares with a par value of TRY 1 each.

Retained earnings

Retained earnings comprise undistributed earnings and restricted reserves.

Restricted reserves

Legal reserves consist of first and second reserves, appropriated in accordance with the TCC. The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

(Amounts on tables expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY on 30 September 2024 unless otherwise stated.)

19. Revenue

	01.01-30.09.2024	01.01-30.09.2023
Domestic sales	19,720,419	20,268,108
Export sales	452,571	980,929
	20,172,990	**21,249,037**

The detail of revenue is summarised as follows:

	01.01-30.09.2024	01.01-30.09.2023
Cement	17,420,660	19,091,104
Ready mixed concrete (*)	2,549,502	1,907,284
Other	202,828	250,649
	20,172,990	**21,249,037**

(*) Concrete itself is a mixture of cement, water and aggregates comprising sand and gravel or crushed stone. Ready mix concrete is a type of concrete that is manufactured in a batching plant, according to a set recipe, and then delivered to a work site, by truck mounted transit mixers.

The composition of cement revenue by geography is summarised as follows:

	01.01-30.09.2024	01.01-30.09.2023
Kilis, Turkey	3,143,284	3,106,024
Şanlıurfa, Turkey	2,920,600	2,519,416
Kırklareli, Turkey	2,268,445	3,271,443
Ankara, Turkey	2,148,122	2,689,477
Balıkesir, Turkey	1,566,739	1,817,794
Diyarbakır, Turkey	1,370,033	1,290,418
Maputo, Mozambique	1,218,356	1,379,653
Siirt, Turkey	1,043,819	1,028,814
Abidjan, Ivory Coast	970,782	1,174,394
Mardin, Turkey	395,980	393,095
Bitlis, Turkey	374,500	420,576
	17,420,660	**19,091,104**

(Amounts on tables expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY on 30 September 2024 unless otherwise stated.)

20. Cost of sales

	01.01-30.09.2024	01.01-30.09.2023
Direct material cost	4,146,752	3,533,702
Direct labour cost	448,566	339,703
General production overhead	5,645,617	7,533,909
Depreciation and amortisation	1,445,283	1,578,897
Cost of production	11,686,218	12,986,211
Changes in work in process	145,629	(73,087)
Changes in finished goods	25,533	14,000
Cost of goods sold	171,162	(59,087)
Cost of merchandises sold	31,439	84,580
Cost of other sales	166,449	320,706
	12,055,268	**13,332,410**

21. Marketing, selling and distribution expenses

	01.01-30.09.2024	01.01-30.09.2023
Transportation and packaging expenses	920,408	629,543
Employee benefits expense	106,533	82,906
Depreciation and amortisation expenses	37,556	43,980
Other	128,574	70,991
	1,193,071	**827,420**

22. General administrative expenses

	01.01-30.09.2024	01.01-30.09.2023
Employee benefits expense	675,114	472,178
Consultancy expenses	99,698	47,303
Repair and maintenance expenses	52,348	31,653
Taxes and duties	50,877	16,334
Utilities	38,466	27,782
Depreciation and amortisation expenses	10,910	11,110
Other	79,870	49,337
	1,007,283	**655,697**

(Amounts on tables expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY on 30 September 2024 unless otherwise stated.)

23. Expenses by nature

Depreciation and amortisation	01.01-30.09.2024	01.01-30.09.2023
Cost of sales	1,445,283	1,578,897
Marketing, selling and distribution expenses	37,556	43,980
General administrative expenses	10,910	11,110
	1,493,749	**1,633,987**

Employee benefits expense	01.01-30.09.2024	01.01-30.09.2023
Cost of sales	448,566	339,703
Marketing, selling and distribution expenses	106,533	82,906
General administrative expenses	675,114	472,178
	1,230,213	**894,787**

24. Other income/(expense), net

	01.01-30.09.2024	01.01-30.09.2023
Gains on sale of fixed assets and scraps	24,005	7,697
Provisions no longer required	1,236	803
Provision charges and expected credit loss	(6,039)	(133,604)
Donations	(13,385)	(21,239)
Fair value gains on investment properties	--	49,371
Other	24,856	29,130
	30,673	**(67,842)**

25. Financial income/(expense), net

	01.01-30.09.2024	01.01-30.09.2023
Interest income	242,022	68,797
Interest expenses	(1,927,777)	(2,215,052)
Foreign exchange gains/(losses), net	(2,354,173)	(7,920,036)
Other	(443,276)	(271,147)
	(4,483,204)	**(10,337,438)**

(Amounts on tables expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY on 30 September 2024 unless otherwise stated.)

26. Related party disclosures

Transactions to related parties

Sales	01.01-30.09.2024	01.01-30.09.2023
Limak İnşaat Sanayi ve Ticaret A.Ş.	35,222	124,138
Other	1,719	2,678
	36,941	**126,816**

Electricity purchases	01.01-30.09.2024	01.01-30.09.2023
Limak Enerji Ticareti A.Ş.	997,658	2,371,140
	997,658	**2,371,140**

Service purchases	01.01-30.09.2024	01.01-30.09.2023
Limçim Çimento Sanayi ve Ticaret A.Ş.	136,056	131,960
Limak İnşaat Sanayi ve Ticaret A.Ş.	11,563	27,348
Other	3,376	5,390
	150,995	**164,698**

Key management compensation

The Group determined key management personnel as the Chairman and members of the board of directors, general manager, general coordinator and deputy general managers.

	01.01-30.09.2024	01.01-30.09.2023
Short-term compensation	117,199	81,822
	117,199	**81,822**

(Amounts on tables expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY on 30 September 2024 unless otherwise stated.)

27. The nature and level of risks arising from financial instruments

I. Capital management policies and procedures

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the net debt/capital ratio. Net debt is calculated as total borrowings less cash and cash equivalents.

The Group's net debt/capital ratio is as follows:

	30.09.2024	**31.12.2023**
Borrowings	19,593,050	24,784,719
Less: Cash and cash equivalents	(2,917,449)	(1,648,820)
Net financial debt	16,675,601	23,135,899
Total equity	30,329,291	23,687,754
Total capital	**47,004,892**	**46,823,653**
Debt to capital ratio	**35.48%**	**49.41%**

II. Financial risk factors

The Group is exposed to variety of financial risks due to its operations. These risks include credit risk, market risk (foreign exchange risk and interest rate risk) and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group also uses derivative financial instruments to hedge risk exposures.

Financial risk management is carried out by each segment and individual entities operating in these segments, within the limits of general principles approved by their Board of Directors.

a. Credit risk management

Credit risk is the risk that a counterparty cannot fulfil its obligations in the agreements against to the Group. The Group monitors the credit risk by ratings and limitations to the total risk of a single counterparty. The credit risk is diversified as a result of the large number of entities comprising the customer bases and the penetration of entities to different business or geographic segments.

In connection with trade receivables arising from credit sales and deposits held in the banks, the Group is exposed to credit risk.

(Amounts on tables expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY on 30 September 2024 unless otherwise stated.)

27. The nature and level of risks arising from financial instruments (Continued)

Credit risk is managed on Group and entity basis, except for credit risk relating to accounts receivable balances. Each entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

The management assesses the credit quality of its customers, taking into account financial position, past experience and other factors. The Group monitors the performance of these financial assets on a regular basis to identify incurred collection losses.

The maximum exposure of the Group's financial assets to credit risk is as follows:

30.09.2024	**Bank deposits**	**Trade receivables**	**Other receivables**
Maximum exposure to credit risk (A+B+C+D+E)	**1,716,445**	**5,570,461**	--
A. Neither past due nor impaired	1,716,445	5,195,079	--
B. Restructured	--	--	--
C. Past due but not impaired	--	375,382	--
D. Impaired	--	--	--
- Gross amount	--	196,694	--
- Impairment (-)	--	(196,694)	--
- Secured with guarantees	--	--	--
E. Collective provision for impairment (-)	--	--	--

31.12.2023	**Bank deposits**	**Trade receivables**	**Other receivables**
Maximum exposure to credit risk (A+B+C+D+E)	**1,624,930**	**5,646,644**	**765**
A. Neither past due nor impaired	1,624,930	5,227,138	765
B. Restructured	--	--	--
C. Past due but not impaired	--	419,506	--
D. Impaired	--	--	--
- Gross amount	--	233,787	--
- Impairment (-)	--	(233,787)	--
- Secured with guarantees	--	--	--
E. Collective provision for impairment (-)	--	--	--

(Amounts on tables expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY on 30 September 2024 unless otherwise stated.)

27. The nature and level of risks arising from financial instruments (Continued)

b. Liquidity risk

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. The Group manages its liquidity needs by regularly planning its cash flows or by maintaining sufficient funds and borrowing sources by matching the maturities of liabilities and assets. Prudent liquidity risk management implies maintaining sufficient cash, securing availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The risk is mitigated by matching the cash in and out flow volume supported by committed lending limits from qualified credit institutions.

The contractual cash flows of the financial liabilities as of the balance sheet dates are as follows:

30.09.2024	Less than 3 months	Between 3-12 months	Between 1-5 years	More than 5 years	Total
Financial liabilities	--	1,806,226	17,786,824	--	19,593,050
Trade payables	3,120,147	--	--	--	3,120,147
Other liabilities	140,869	563,477	1,713,883	169,136	2,587,365
	3,261,016	**2,369,703**	**19,500,707**	**169,136**	**25,300,562**

31.12.2023	Less than 3 months	Between 3-12 months	Between 1-5 years	More than 5 years	Total
Financial liabilities	3,731,089	5,980,014	18,835,286	333,742	28,880,131
Trade payables	3,408,778	--	--	--	3,408,778
Other liabilities	272,885	1,091,548	3,200,892	128,059	4,693,384
	7,412,752	**7,071,562**	**22,036,178**	**461,801**	**36,982,293**

c. Market risk

Foreign currency risk

The Group monitors its foreign exchange risk by analysing the foreign currency denominated (mainly USD and EUR) assets and liabilities. The Group defines the foreign currency risk as the mismatch between foreign currency denominated assets and liabilities. In order to manage foreign currency risk, the Group uses derivative financial instruments.

The Group's foreign currency risk (exposure) is monitored by the management on a weekly and where necessary on a daily basis. The objective of the management is to limit the open exposure under levels determined by the Board of Directors.

(Amounts on tables expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY on 30 September 2024 unless otherwise stated.)

27. The nature and level of risks arising from financial instruments (Continued)

Assets and liabilities denominated in foreign currency held by the Group are as follows:

	30.09.2024	31.12.2023
Foreign currency assets	2,897,036	510,361
Foreign currency liabilities	(20,658,804)	(23,555,316)
Net foreign currency position	**(17,761,768)**	**(23,044,955)**

	30.09.2024		31.12.2023	
(Thousands)	**Foreign currency amount**	**TRY equivalent**	**Foreign currency amount**	**TRY equivalent**
Cash and cash equivalents				
USD	75,707	2,583,199	9,950	397,946
EUR	174	6,642	1,745	77,205
Trade receivables				
EUR	679	25,918	--	--
Other assets				
USD	4,780	163,098	25	1,003
EUR	3,096	118,179	634	34,207
Total assets		**2,897,036**		**510,361**
Borrowings				
USD	573,189	19,593,050	203,240	8,128,555
EUR	--	--	267,797	11,851,353
Trade payables				
USD	27,396	936,464	16,981	679,133
EUR	2,976	113,803	1,434	63,458
Other liabilities				
EUR	405	15,487	64,011	2,832,817
Total liabilities		**20,658,804**		**23,555,316**
Net foreign currency position		**(17,761,768)**		**(23,044,955)**

As of 30 September 2024, if USD and EUR gained/lost 5% against TRY and all other variables remained constant, profit before tax would be TRY 888 million lower/higher as a result of the foreign exchange net foreign exchange difference.

(Amounts on tables expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY on 30 September 2024 unless otherwise stated.)

27. The nature and level of risks arising from financial instruments (Continued)

d. Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities.

The interest position statement is as follows:

Financial instruments with fixed rate	**30.09.2024**	**31.12.2023**
Financial assets	1,529,094	5,653,419
Financial liabilities	19,582,071	22,057,467

Financial instruments with floating rate	**30.09.2024**	**31.12.2023**
Financial assets	--	775
Financial liabilities	--	8,570,393

Average effective annual interest rates for the Group's financial assets and liabilities (%) are as follows:

	30.09.2024			**31.12.2023**		
	USD	**EUR**	**TRY**	**USD**	**EUR**	**TRY**
Assets						
Cash and cash equivalents	4.65	--	46.30	--	--	25.00
Liabilities						
Financial liabilities	9.75	--	--	7.45	5.24	38.17

e. Fair value of financial instruments

The fair values of trade payables are assumed to approximate to their carrying values due to their short term nature. The estimated fair values of long-term borrowings are assumed to approximate to their carrying values due to their floating interest rate.

Financial assets

The carrying values of cash and cash equivalents and trade receivables are assumed to approximate to their fair values due to their short term nature.

Financial liabilities

The fair values of trade payables are assumed to approximate to their carrying values due to their short term nature.

The estimated fair value of debt securities is USD 564 million based on market price as of 30 September 2024 (2023: the estimated fair values of long-term borrowings were assumed to approximate to their carrying values due to their floating interest rate).

(Amounts on tables expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY on 30 September 2024 unless otherwise stated.)

28. Earnings per share

	01.01-30.09.2024	**01.01-30.09.2023**
Profit or loss attributable to equity holders of the parent	3,270,046	5,016,453
Weighted average number of shares	221,996,463	221,996,463
Earnings per share	**0.0147**	**0.0226**

29. Events after the reporting period

As disclosed in Note 11, the Company had issued USD 575,000,000 Senior Notes on 25 July 2024. The Company has further issued USD 25,000,000 Senior Notes on 29 October 2024 and an additional USD 25,000,000 Senior Notes on 29 November 2024, to be consolidated and form a single series of USD 625,000,000 with the same terms and conditions.

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