

# REPUTABLE PAST STRONG FUTURE



2022



**nuh**  
çimento grubu



## COMPANY INFO

### Trade Name

Nuh Çimento Sanayi A.Ş.

### Körfez Trade Registry Directorate

5097

### Mersis Number

0632-0009-7680-0012

### Capital

150.213.600 TL

### Tepecik Tax Office

6320009768

### Address

Hacı Akif Mah. D-100 Karayolu Cad.  
No: 92 Hereke 41800 Körfez Kocaeli

### Phone

+90 262 316 2000

### Borsa Istanbul Ticker Code

NUHCM

### Web Address

www.nuhcimento.com.tr



## CONTENTS

### ABOUT OUR REPORT

#### 01. OUR MESSAGE TO STAKEHOLDERS

Message from the Chairman	08
Message from the CEO	10
Our Founders Passed Away to Eternity	12

#### 02. OUR CORPORATE PROFILE

Our Company	17
Our Products	17
Nuh Çimento Group Companies	18

#### 03. NUH ÇİMENTO WITH NUMBERS

Financial Performance Summary	22
Our Capitals and The Value We Created	24

#### 04. STRATEGY AND MANAGEMENT

Our Corporate Values	28
Corporate Governance, Ethics and Compliance	29
External Factors and Global Trends	30

#### 05. SUSTAINABILITY MANAGEMENT

Our Sustainability Milestones	34
Our Strategy and the 2053 Net Zero Carbon Roadmap	36
Sustainability Management Structure	37
Materiality Assessment and Stakeholder Engagement	38
Our Sustainability Priorities	40
Sustainability Impacts Along Our Value Chain	41
Our Sustainability Targets	42
Sustainability Practices and Collaborations	45

#### 06. OUR ECONOMIC PERFORMANCE

Our Contributions to the Economy	48
Growth in International Markets	50
Digital Transformation	52

#### 07. OUR SOCIAL PERFORMANCE

Occupational Health and Safety	56
Disaster Preparedness and Response	58
Employment	59
Training and Development	61

#### 08. OUR ENVIRONMENTAL PERFORMANCE

Climate Change and Energy Management	67
Materials Management	74
Water and Wastewater Management	76
Waste Management	78
Protection of Biodiversity	80

#### 09. ANNEXES

Our Integrated Management Systems	84
Corporate Memberships	84
Financial Performance Summary	85
Performance Indicators	86
CMB Sustainability Principles Compliance Report	92
Agenda of the Ordinary General Assembly Meeting	96
Legal Explanations	97
The Consolidated Financial Statements and the Independent Auditor's Report Prepared as of December 31, 2022	113
Corporate Governance Compliance Report	200
Corporate Governance Information Form	203
Profit Share Distribution	208
Report Contacts	210





# ABOUT OUR REPORT

In the sustainability journey of Nuh Çimento, which extends from its established past into a strong future, we also have the opportunity to present our economic, environmental and social performance for the period of 2022, the values we have created for our stakeholders with our sixth integrated annual report, which we have transmitted with our goals and actions.

Our aim with this report is to ensure that our stakeholders can easily understand our company and our processes and to facilitate their ability to evaluate the measurement, monitoring and improvement efforts we carry out to manage our effects arising as a result of our activities. This report, which we prepare regularly every year, is an important communication tool through which we share the steps we have taken to manage our effects.

### The Scope of Our Report

In our works with our managers, we have taken the production of clinker and cement as base, which are the main business areas of Nuh Çimento, on the determination of strategic issues. The information contained in this report covers the activities of Nuh Çimento at the Hereke facility without any restrictions between December January 1, 2022 - Dec. 31, 2022, unless otherwise stated. Our financial data included in the report are consolidated information belonging to Nuh Çimento Group. Nuh Beton A.Ş. and Nuh Yapı Ürünleri A.Ş. are included in the financial data. In our report, we include data related to all important issues for the last three years, in terms of tracking data trends.

We have prepared our report [Global Reporting Initiative](#) in accordance with the "Essential" option of the GRI Standards. When determining our strategic sustainability issues and creating the content of our report, we took into account the principles of clarity, balance, comparability, completeness, sustainability context, timeliness and verifiability of this standard. GRI Content Index can be found [on our website](#).

Our performance indicators, [Sustainability Accounting Standards Board](#) comply with the indicators contained in the SASB\* Construction Materials Standard.

In our report, we propose our Integrated Value Creation Business Model through the six capital elements [Integrated Reporting Framework](#) first proposed by the International Integrated Reporting Council (IIRC) in 2013.

### Our Compliance with the Indicators of the SASB Sustainability Accounting Standards Board

SASB Titles	SASB Construction Materials Standard Performance Indicators <i>(Performance Results for All Indicators are located in section <a href="#">Our Sustainability Targets</a>.)</i>	The Place of Nuh Çimento Works in the Report
<b>Occupational Health and Safety</b>	Total recordable accident rate	<a href="#">Occupational Health and Safety</a>
<b>Greenhouse Gas Emissions</b>	Scope 1 Emissions	<a href="#">Climate Change and Energy Management</a>
<b>Air Quality</b>	Air pollutants such as NOx and SOx	<a href="#">Climate Change and Energy Management</a>
<b>Energy Management</b>	Total energy consumed; electricity, alternative resources and renewable resources	<a href="#">Climate Change and Energy Management</a>
<b>Product Innovation</b>	Products that save energy, water and materials during production and use	<a href="#">Climate Change and Energy Management</a>
<b>Water Management</b>	The total water intake and the portion of recycled and reused water in this amount	<a href="#">Water and Wastewater Management</a>
<b>Waste Management</b>	The ratios of hazardous waste and recycled waste in wastes caused by activities	<a href="#">Waste Management Materials Management</a>
<b>Effects of Biodiversity</b>	Environmental management policies related to active work areas; affected and restored areas	<a href="#">Protection of Biodiversity</a>

### Our Future Report

We plan to publish our seventh integrated report in the first quarter of 2024, in which we aim to convey our activities and sustainability performance for 2023.

- You can reach the desired pages on the contents page by clicking the titles
- You can return to the contents page by clicking the house icon included on all pages.
- You can reach the related source by clicking on the coloured and underlined titles throughout the report.

\* The Sustainability Accounting Standards Board SASB and the International Integrated Reporting Council IIRC merged in 2021 under the name of the Value Reporting Foundation VRF. In 2022, VRF was consolidated under the International Sustainability Standards Board (ISSB), established by the International Financial Reporting Standards Foundation (IFRS).

### Our Support to the United Nations Sustainable Development Goals

We have included our projects and applications serving 12 of the United Nations Sustainable Development Goals in our report. We are committed to always being a follower of these global goals and giving priority to activities that will support them.

SDGs	Description of the Sustainable Development Goal	Location of Nuh Çimento Works in the Report
	<b>SDG 3:</b> To ensure a healthy and quality life at any age	<a href="#">Occupational Health and Safety</a>
	<b>SDG 4:</b> To provide quality education based on inclusivity and equity and to promote lifelong learning opportunities for everyone	<a href="#">Training and Development</a>
	<b>SDG 6:</b> To ensure accessible water and wastewater services for everyone and sustainable water management	<a href="#">Water and Wastewater Management</a> <a href="#">Disaster Preparedness and Response</a>
	<b>SDG 7:</b> Ensuring access to affordable, reliable, sustainable and modern energy for everyone	<a href="#">Climate Change and Energy Management</a>
	<b>SDG 8:</b> To support stable, inclusive and sustainable economic growth, full and productive employment and decent jobs for all	<a href="#">Employment</a>
	<b>SDG 9:</b> To establish durable infrastructures, to support inclusive and sustainable industrialization and to strengthen innovation	<a href="#">Climate Change and Energy Management</a>
	<b>SDG 11:</b> To make cities and human settlements inclusive, safe, durable and sustainable	<a href="#">Climate Change and Energy Management</a>
	<b>SDG 12:</b> To ensure sustainable production and consumption patterns	<a href="#">Materials Management</a>
	<b>SDG 13:</b> Taking urgent action to combat climate change and its effects	<a href="#">Climate Change and Energy Management</a> <a href="#">Disaster Preparedness and Response</a>
	<b>SDG 14:</b> To protect and sustainably use the oceans, seas and marine resources for sustainable development	<a href="#">Water and Wastewater Management</a>
	<b>SDG 15:</b> To protect, improve and support the sustainable use of terrestrial ecosystems; to ensure sustainable forest management, to combat desertification; to stop and reverse land degradation, to prevent biodiversity loss	<a href="#">Waste Management</a> <a href="#">Protection of Biodiversity</a>
	<b>SDG 17:</b> Strengthening the implementation tools and revitalizing the global partnership for sustainable development	<a href="#">Water and Wastewater Management</a> <a href="#">Protection of Biodiversity</a> <a href="#">Corporate Memberships</a>



**OUR MESSAGE TO  
STAKEHOLDERS**







# MESSAGE FROM THE CHAIRMAN

## Dear Stakeholders,

As Nuh Çimento, we continued to create value for all our stakeholders and achieve financial success in 2022 with the principles of responsible consumption and production. Leaving behind a difficult pandemic period, we ensured a rapid transition to the new normal by showing sensitivity to the health of all our business partners, especially our employees. While Nuh Çimento Group is growing economically, we are increasing our sensitivity to environmental and social issues every day, implementing projects based on the UN Sustainable Development Goals and continuing our work for a more livable world. Our company, which supports its location and advantage with high and efficient technologies, is preparing our facilities for the future. We spend a significant part of the added value we produce on investments that will provide a competitive advantage and reduce environmental impacts.

## We Continued Our Contribution to the Economy with Our Great Exports

The year 2022 was a year in which we worked at full capacity at Nuh Çimento thanks to our deep-rooted experience and strong export infrastructure, and we continued to observe high sales and export figures. We continued to direct our sector and strengthen the economy of our country. We have also maintained our success of being one of the largest taxpayers in Kocaeli in 2022. As Nuh Çimento, a company with one hundred percent domestic capital, we are proud to be the 122nd on the list of the Top 1,000 Exporters of Turkey in 2021 of the Turkish Exporters Assembly. As of the end of 2022, we realized 18 percent of the total exports of the Turkish cement sector as Nuh Çimento.

Our biggest goal towards sustainability is to make efficient production with the best possible technologies in European standards and to reach net zero of our carbon emissions by 2053. In line with our net zero carbon target, we are taking our responsibility in the global fight against climate change while increasing our production and exports with our five-fold adaptation package consisting of Green Factory, Green Fuel, Green Electricity, Green Raw Materials, Green Cement, and forming our sustainability roadmap.

We are proud to be a Turkish company hosting and leading the project for the conversion of long-lived diesel rock trucks to electric, which is a first in the world and is closely followed both in our country and internationally, which we have realized in cooperation with ABB. The stakeholders that we carry out the project with and who contribute to the project will be able to switch to mass production of tried

and approved rock trucks and for their companies and will be able to make a large amount of profit and contribution.

As Nuh Çimento, we have placed sustainability, transition to a circular economy, industry 4.0 and carbon reduction at the center of all our investments and projects. We managed to reduce our carbon footprint this year as every year with the use of clean energy, efficient production processes and innovative products, and at the same time we supported the circular economy by using waste as an alternative input material to natural resources.

We have a big goal to get all the electricity we consume from renewable resources. In addition to the existing waste heat recovery facility and hydroelectric power plant, we will implement our studies on electricity plants that will run on wind and biofuel in a short time.

Through our Nuh Çimento Education and Health Foundation, we continue to support the community we live in in the fields of health, education, culture and sports, and to provide scholarships to university students, whose numbers increase every academic semester.

In our integrated annual report, which we have prepared based on global standards such as GRI Standards, Integrated Reporting Framework and SASB Standards, you can review the values we have created for our dealers and customers, employees, society and our country, as well as the activities we have carried out to ensure the sustainability of our business and the natural environment, especially for our stakeholders.

Our founders passed away to eternity which we remember with gratitude and mercy, our esteemed shareholders, our successful business partners, we will continue our journey, which we started with the efforts of our valued employees and our common values that keep us together as Nuh Çimento that produces, earns and always shares its values that it created. I would like to express my gratitude to all our stakeholders, especially our employees who contributed to the achievements that Nuh Çimento has achieved and shared, for their valuable contributions, trust and commitment to Nuh Çimento.

Kindest regards,  
**Tevfik BİLGİN**  
*Chairman of the Board*



- 01. MESSAGE TO OUR STAKEHOLDERS
- 02. OUR CORPORATE PROFILE
- 03. NUH ÇİMENTO WITH NUMBERS
- 04. STRATEGY AND MANAGEMENT
- 05. SUSTAINABILITY MANAGEMENT
- 06. OUR ECONOMIC PERFORMANCE
- 07. OUR SOCIAL PERFORMANCE
- 08. OUR ENVIRONMENTAL PERFORMANCE
- 09. ANNEXES





# MESSAGE FROM THE CEO

Dear Stakeholders,

Dear Employees and Business Partners,

The pandemic period that lasted for around two years and the climate change problem, the effects of which were felt more and more every day immediately after, kept its place on the world's agenda intensively with the COP 27 Climate Conference held in Egypt in November 2022.

Awareness of these issues is rising rapidly both in society and in the business world. We are at a time when international negotiations on reducing greenhouse gas emissions are accelerating, planned regulations such as the Carbon Tax at the Border, brought up by the Green Deal, are gaining momentum, bold commitments are being made, and fundamental changes in the energy system are beginning. As Nuh Çimento, we continue to produce by taking climate, energy, innovation and social inclusion issues into our focus and by our activities in which we take the lead on these issues.

## We have Created our Five-Fold Adaptation Roadmap to Fight Climate Change!

We have put sustainability, transition to a circular economy, industry 4.0 and carbon reduction at the center of all our investments and projects for the upcoming period. Our biggest goal towards sustainability is to maintain efficient production with the best possible technologies in European standards and to reach net zero carbon emissions parallel to Europe. In line with our net zero carbon target, we are acting in accordance with our sustainability roadmap consisting of Green Factory, Green Fuel, Green Electricity, Green Raw Materials, Green Cement, while increasing our production and exports, we continue to protect our environment and climate.

For this purpose, we are converting our 10 rock trucks with a capacity of 160 tons, which have a 30-year service life, from a diesel engine to electric ones with the project partnership we have initiated with ABB, we aim to save one million liters of diesel fuel per year and prevent around 2,500 tons of carbon emissions per year by making this battery-powered and 100 percent electric conversion for the first time in the world by converting all rock trucks to fully electric vehicles. With our project, which has been ongoing since 2018 and includes the conversion of our construction machinery to electric motorized, we have prevented the emission of a total of 992 tons of carbon release into the atmosphere by the end of 2022. Our project is an example for both the mining and cement sectors.

With the R&D activities we have conducted, we continue to reduce our carbon footprint with new generation

green cements having lower clinker ratio. Only this year, the amount We have invested on R&D for the development of Green Cement has exceeded 10 million TL. Thanks to our low clinker content products, we saved 265 thousand tons of clinker in 2022 and reduced our carbon footprint by around 230 thousand tons.

In addition to these studies, thanks to the collaborations we have made with companies from different sectors, we use waste as an alternative input material to natural resources and support the circular economy. In 2022, we became the solution partner for the wastes of 69 companies from 12 different sectors. We have achieved the recovery of approximately 417 thousand tons of waste and have made savings of approximately 105 million TL.

As Nuh Çimento, we have prevented the formation of 70 thousand tons of carbon equivalent greenhouse gases in 2022 with our energy efficiency investments such as electricity generation from waste heat, hydroelectric power plant investment and renewable energy resources, which demonstrate our sustainable consumption and production approach, and we have saved 315 million TL.

2022 has been a year in which we have crowned all our achievements with awards. We have been awarded: "Large-Scale Sectoral Environment Award" at Kocaeli Chamber of Industry 28th Şehabettin Bilgisu Environment Awards, "Sustainability Awareness Honor Award" at Economist Anadolu 500 Awards, "Value of Kocaeli" and "Sectoral Performance Construction and Building Sector Grand Award" by Kocaeli Chamber of Industry.

## Our Employees are the Priority in Social Sustainability

We strengthened the occupational health and safety culture of our employees with the training and leadership activities we carried out in cooperation with the Cement Industry Employers' Union. We have offered complementary health insurance to all of our field employees in our group companies.

With Nuh Akademi we have implemented in 2022, we have continued to support the training and development activities of our employees as a necessity to maintain our leadership in our sector. Thanks to the Internal Trainer System with Nuh Akademi, we aim to add more value to our institution and our sector with the internal trainers we have trained by nurturing a dynamic organizational culture that encourages, learns and shares.

In the analysis conducted by Great Place To Work®, which includes 75 companies that have a Great Place to Work Certificate in Turkey, we are happy and proud to take the second place in the 500+ category of the List of the Best Employers of Production for 2022. In addition, as a result of the 2022 Best Millennials List evaluations conducted with the participation of generation Y employees, we were included in the list of the Best Great Workplaces For Turkey's Millennial Employees. We would like to thank all our stakeholders who have a great share in this success, which registers the adaptation we provide to the rapidly changing world and the importance we attach to the new generations.

## Continuing to Grow Sustainably with Exports

As one of the industrial giants of our country, we have realized 18 percent of the exports of the Turkish Cement Industry with a total export sales of 4 million 550 thousand tons in 2022, thanks to our multidimensional strategic vision, high customer satisfaction and the level of operational excellence we have achieved. We announced a net profit of 2 billion 87 million TL.

In our sixth integrated annual report, which we have prepared on the basis of global standards, we continue to share our economic achievements as well as our successful work in environmental and social areas with our stakeholders. The success of our company is the result of the efforts of all our employees and business partners, especially our stakeholders, and I would like to express my gratitude to all of you. I wish you a year in which we will achieve new feats by feeding off the strength of our cooperation and continue to share them together.

Kindest regards,  
**K. Gökhan BOZKURT**  
CEO







# OUR FOUNDERS PASSED AWAY TO ETERNITY

We are taking confident steps in their footsteps by protecting the values adopted by our founders. We commemorate the founders of Nuh Çimento with respect and gratitude.



**Nuh Eskiyan**  
1961



**Mustafa Arıkan**  
1967



**Ahmet Haskınacı**  
1970



**H. Mehmet Küçükçalık**  
1973



**Ahmet Eskiyan**  
1975



**H. Mehmet Özkan**  
1979



**Hilmi Haskınacı**  
1988



**Şaban Diri**  
1988



**Ahmet Özkan**  
1990



**Kemal Yurtbilir**  
1991



**Şaban Göbülük**  
1995



**N. Mehmet Küçükçalık**  
2002



**Muhittin Özkan**  
2005



**N. Mehmet Baldöktü**  
2006



**Burhan Dinçbal**  
2008



**Muharrem Eskiyan**  
2009



**Mustafa Alikişoğlu**  
2012



**Hacı Ahmet Paralı**  
2013



**Alaeddin Küçükçalık**  
2016



**Levent Yurtbilir**  
2017



**Enver Paralı**  
2020



# OUR CORPORATE PROFILE

As Nuh Çimento Group, we have been contributing to production, employment and the economy of our country with its long-established history since 1966, we continue to offer many products and services such as clinker, cement, ready-mixed concrete, lime, aerated concrete, aluminum paste and milk of magnesia in the construction industry in high quality and build a strong future.







THE FACTORY WITH THE HIGHEST PRODUCTION CAPACITY **UNDER A SINGLE ROOF** IN TURKEY AND EUROPE

THE COMPANY EXPORTING **THE HIGHEST CLINKER AND CEMENT OF ALL TIMES** IN THE TURKISH CEMENT INDUSTRY FROM A SINGLE LOCATION

THE CEMENT COMPANY WITH THE **HIGHEST EXPORT TO THE USA**

**TURKEY'S FIRST CEMENT FACTORY TO WIN ENVIRONMENTAL FACILITY AWARD**

THE PROJECT **TO CONVERT DIESEL ROCK TRUCKS TO ELECTRICITY** WITH THE COOPERATION OF ABB AS A FIRST IMPLEMENTATION IN THE WORLD

## OUR COMPANY

As Nuh Çimento, we have the highest production capacity facility located in a single location in Turkey and Europe, and have been continuing to contribute to the economy of our country and sustainable growth with equipped employees, high quality standards and one hundred percent customer satisfaction target for 57 years. As Nuh Çimento, we were listed on the Borsa Istanbul in 2000 and we continue our activities with a public clearance rate of 16.21 percent by the end of 2022. Founded in 1966 in Kocaeli-Körfez, east of the Marmara Region surrounding Istanbul, where Turkey's highest cement consumption takes place, and starting production in 1969, our company offers clinker, cement and other building materials to domestic and foreign markets with our 57,000 m<sup>2</sup> port adjacent to the factory, our wide and powerful dealer network and the extensive ready-mixed concrete facilities of our subsidiary Nuh Beton, which provides competitive advantage in exports.

In addition to our production power supported by our expertise, experience and technology, we continue to work and produce with all our might in order to maintain our competitive position in our sector with our strong corporate culture and competent human resources.

## OUR PRODUCTS

Our products, used in infrastructure constructions such as many different superstructures and reinforced concrete underground water pipes from high-rise structures to bridges, paving concretes to port constructions and offshore structures, are preferred by our customers all over the world in the construction industry and all its sub-sectors.

We have a wide range of cement and mineral additives that are used in all construction element productions, from high-rise structures to oil wells, tunnels to port and offshore structures, screed and plaster concretes to underground water pipes, which are performed in many countries of the world and in different climates. Thanks to our product range, we meet the cement and mineral additive demands of our domestic and international customers who produce prefabricated concrete elements, building products, screed and plaster making, floor reinforcement / reclamation and pile applications, tiles and glazes, especially in ready-mixed concrete production, as well as selling high-quality clinker varieties that meet the different technical needs of cement manufacturers from different countries of the world. We carry out all our productions in accordance with the standards of many different countries around the world, alongside with Turkish and European Standards.

Portland, where clinker, the main raw material of cement, is also produced in accordance with different standards, our sulfate-resistant, low alkali content, low Cr (VI) content products and blast kiln slag, which is included under the name of mineral additive, are also among our product varieties. All of our products are continuously inspected and certified by accredited organizations where they are produced in accordance with the relevant standards.

**CEM I 42,5 R**  
Cement

**CEM I 42,5 R SR5**  
Cement

**CEM I 52,5 N**  
Cement

**CEM II/A-LL 42,5 R**  
Cement

**CEM II/A-S 42,5 R**  
Cement

**CEM II/B-S 42,5 R**  
Cement

**CEM V/A (S-P) 32,5 N**  
Cement

**Oil Well Cement, Class G, HSR**  
Cement

**Ordinary, SRC, Low Alkaline, Low Cr (VI) Clinker**  
Clinker

**Milled Blast Kiln Slag**  
Mineral Additive

01. MESSAGE TO OUR STAKEHOLDERS

02. OUR CORPORATE PROFILE

03. NUH ÇİMENTO WITH NUMBERS

04. STRATEGY AND MANAGEMENT

05. SUSTAINABILITY MANAGEMENT

06. OUR ECONOMIC PERFORMANCE

07. OUR SOCIAL PERFORMANCE

08. OUR ENVIRONMENTAL PERFORMANCE

09. ANNEXES





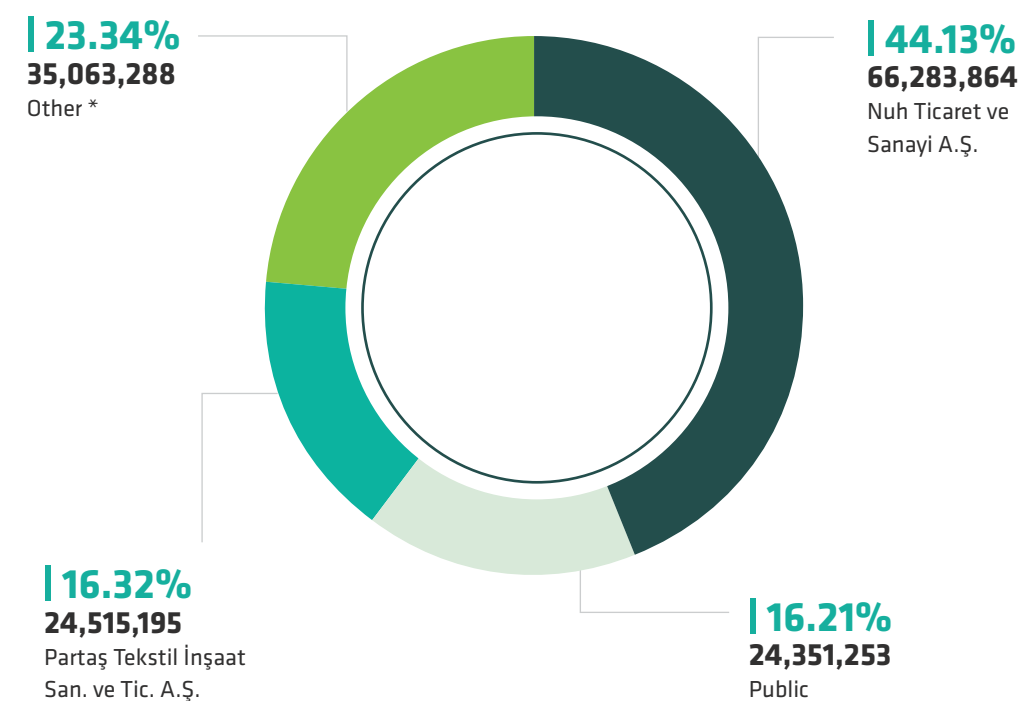
# NUH ÇİMENTO GROUP COMPANIES

Our Group Companies	Field of activity	Share (%)	Type of Partnership
Nuh Beton A.Ş.	Ready-Mixed Concrete Production and Marketing	100	Affiliate Partnership
Nuh Yapı Ürünleri A.Ş.	Lime, Aerated Concrete Production and Marketing	100	Affiliate Partnership
Nuh Gayrimenkul İnşaat A.Ş.	Construction and Contracting Works	100	Affiliate Partnership
Navig Holding Trade B.V.	Import and Export	100	Affiliate Partnership
Çim-Nak Taşımacılık Ltd. Şti.	Exploration, Loading, Transportation, Ship Agency	99.90	Affiliate Partnership
Nuh Agro Tarım A.Ş.	Cultivation of Medicinal, Healing and Aromatic Products	85	Affiliate Partnership
Çimpaş Çimento ve İnşaat Malzemeleri Paz. A.Ş.	Cement Marketing	12.07	Affiliate
Cementos Esfera S.A.	Cement Production (Spain)	10	Affiliate
Oyak Çimento Fabrikaları A.Ş.	Cement Production	4.55	Long-term Security

## Changes in the Reporting Period

There were no significant changes in the organization and partnership structure during the reporting period.

## Nuh Çimento Partnership Structure

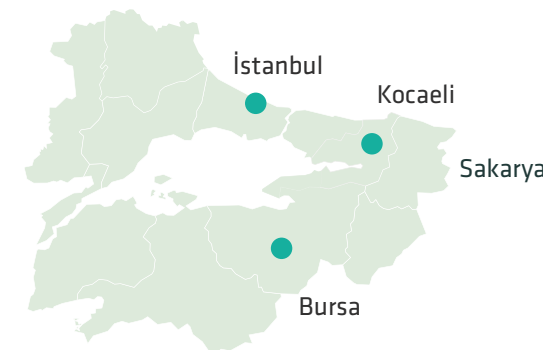


\*Stakeholders whose partnership share is below 5 percent are non-public stakeholders. (31.12.2022)

## Nuh Beton

Nuh Beton A.Ş., one of the founding members of the Ready Mixed Concrete Association of Turkey, has been providing world-class services in the Marmara Region since 1987 with its extensive facilities, modern power plants, large vehicle fleet, expert staff, integrated computer network and full automation.

### Locations



### Equipment

Equipped with Satellite Tracking Systems

**199** Trans Mixer

**61** Mobile Pump

**12** Stationary Pump

### Facilities

Connected to Each Other via Online Data Lines

**11** Fully Equipped Facility

Computer Controlled and Fully Automated

**16** Concrete Batching Plant

## Nuh Yapı Ürünleri

Nuh Yapı Ürünleri A.Ş., which was established in 1995 and is one of the leading manufacturers in its sector with its production capacity, product quality, advanced management and organizational structure; is a member of Lime Industrialists' Association and the Aerated Concrete Manufacturers' Association of Turkey. Nuh Yapı, which owns the first aluminum paste production facility in Turkey, is producing 100 percent domestic aerated concrete, and holds an ISO EN 9000 Quality Management System Certificate in lime and aerated concrete production since 2000.

### Locations



### Ürünler

- Thermocube
- Aerated Concrete
- Lime
- Aluminium Paste

### Markets

Turkey, Italy, France, Denmark, Belgium, Albania, the Netherlands, Ukraine, Bulgaria, Greece, Romania and the TRNC

## Nuh Beton in 2022

Nuh Beton completed the year 2022 with success well above the budget figures both in terms of production and financial results and continued to maintain the operational and financial positive momentum it has achieved in recent years.

- Increased the amount of sales by 11 percent compared to the previous year and reached 1,834,739 m<sup>3</sup>
- While increasing its turnover by around four times in 2022 compared to the previous year, increased its profitability seventeen times and reached 260 million TL.
- It has strengthened its fleet with an additional eleven trans mixers, nine mobile pumps and five loaders.
- It made seven tow truck and trailer investments to provide aggregate supply support to its facilities.
- By implementing the Management with Goals (OKR) system as of 2022, it has transitioned to a digital platform where employees can create and track their goals. The targets, which were followed with an agile and transparent structure, benefited business efficiency with the feedback received through the system.

## Our Trademark Registered Products We have Developed in R&D Studies:

- Aerated Concrete Thermal Insulation Plate- Thermocube™
- Aluminum Paste- Alupore™
- Alpha Plaster and Anhydride Products- Nuh Alçı™

### Facilities

- Lime Factory
- Aerated Concrete Factory
- Aerated Concrete Glue Production Plant
- Aluminum Paste Production Plant
- Alpha Plaster Production Plant
- Magnesium Oxide Production Plant
- Milk of Magnesia Production Plant

## Nuh Yapı in 2022

- In 2022, maintaining the sales amounts compared to the previous year, sold 471.285 m<sup>3</sup> aerated concrete and 180,667 tons of lime.
- while increasing its turnover by 187 percent in 2022 compared to the previous year, it also increased its profitability by around twice and the company's profit reached TL 72 million.
- by implementing the Management with Goals (OKR) system as of 2022, it has transitioned to a digital platform where employees can create and track their goals. The targets, which were followed with an agile and transparent structure, benefited business efficiency with the feedback received through the system.

01. MESSAGE TO OUR STAKEHOLDERS

02. OUR CORPORATE PROFILE

03. NUH ÇİMENTO WITH NUMBERS

04. STRATEGY AND MANAGEMENT

05. SUSTAINABILITY MANAGEMENT

06. OUR ECONOMIC PERFORMANCE

07. OUR SOCIAL PERFORMANCE

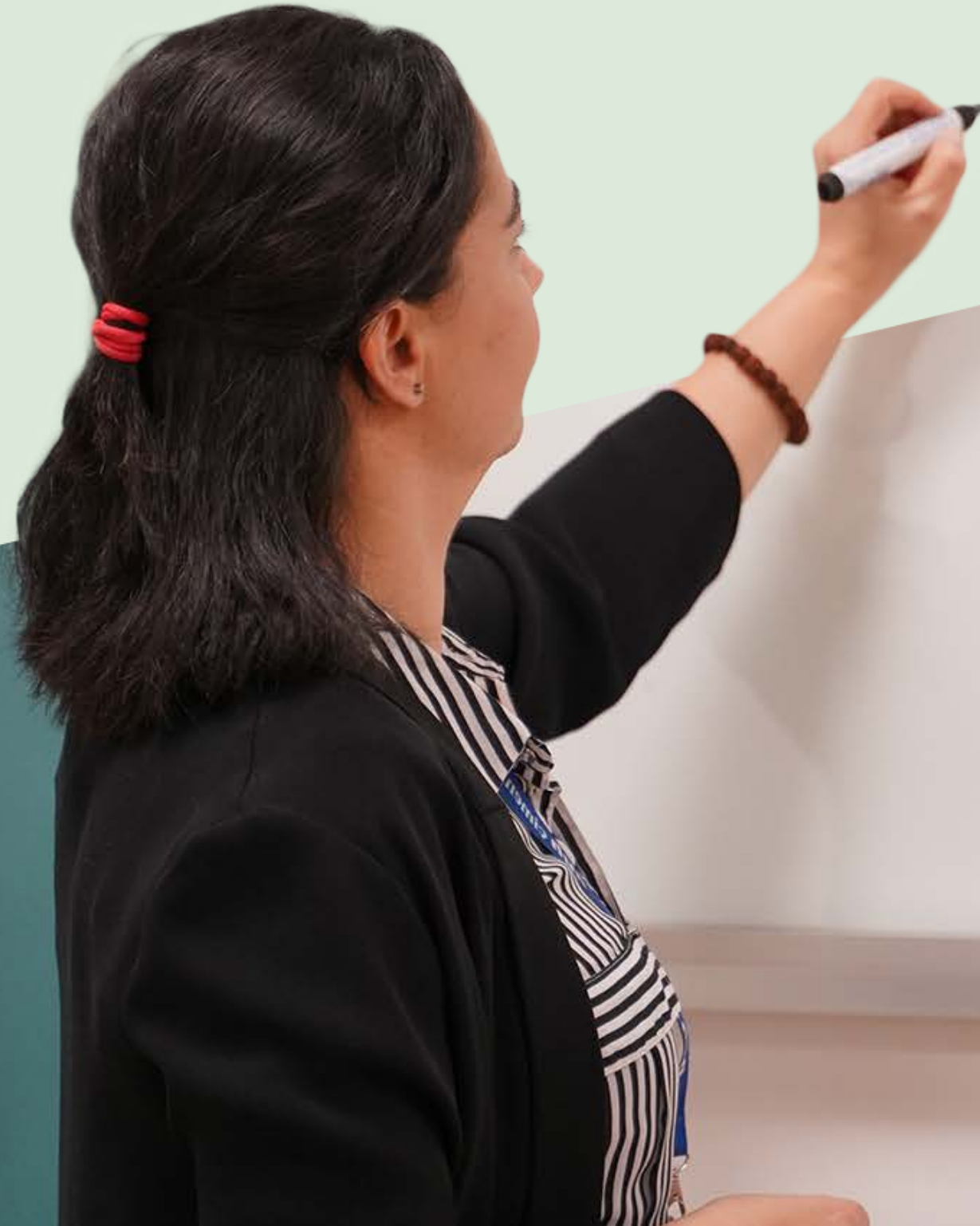
08. OUR ENVIRONMENTAL PERFORMANCE

09. ANNEXES



# NUH ÇİMENTO WITH NUMBERS

We continued to create value for our stakeholders with our export records, which we continue to renew in 2022. We have achieved the TL 2.10 billion profit we announced by contributing to the development of our society and protecting our ecological environment with an approach that is a requirement for sustainable success. According to the financial statements dated December 31, 2022, the asset size of Nuh Çimento is 6.94 billion TL.







# 2022

## 57,000 m<sup>2</sup>

Port Facility Area

## 50+

Number of Countries We Export To

## 4.6 million tons

Clinker Production Capacity



## 95.88%

Capacity Utilization

## 4,472,100 tons/year

Production

## 5.7 million tons

Cement Production Capacity



## 86.56%

Capacity Utilization

## 4,992,000 tons/year

Production

## FINANCIAL PERFORMANCE SUMMARY

### Total Assets (TL Million)

2022 6,942,826

2021 3,473,236

2020 2,518,122

### Equity Resources (TL Million)

2022 4,542,449

2021 2,171,850

2020 1,798,886

### Net Profit Margin (%)

2022 27%

2021 26%

2020 33%

### Dividends Paid Per Share (Gross TL)

2022 4.6

2021 2.15

2020 1.5

### Gross Dividends Paid (TL)\*

2022 690,983

2021 322,959

2020 225,320

### Net Profit (TL)

2022 2,086,615,970

2021 642,431,762

2020 570,249,409

*The amount of the payment will be finalized at the General Assembly meeting dated February 23rd, 2023.*



01. MESSAGE TO OUR STAKEHOLDERS

02. OUR CORPORATE PROFILE

03. NUH ÇİMENTO WITH NUMBERS

04. STRATEGY AND MANAGEMENT

05. SUSTAINABILITY MANAGEMENT

06. OUR ECONOMIC PERFORMANCE

07. OUR SOCIAL PERFORMANCE

08. OUR ENVIRONMENTAL PERFORMANCE

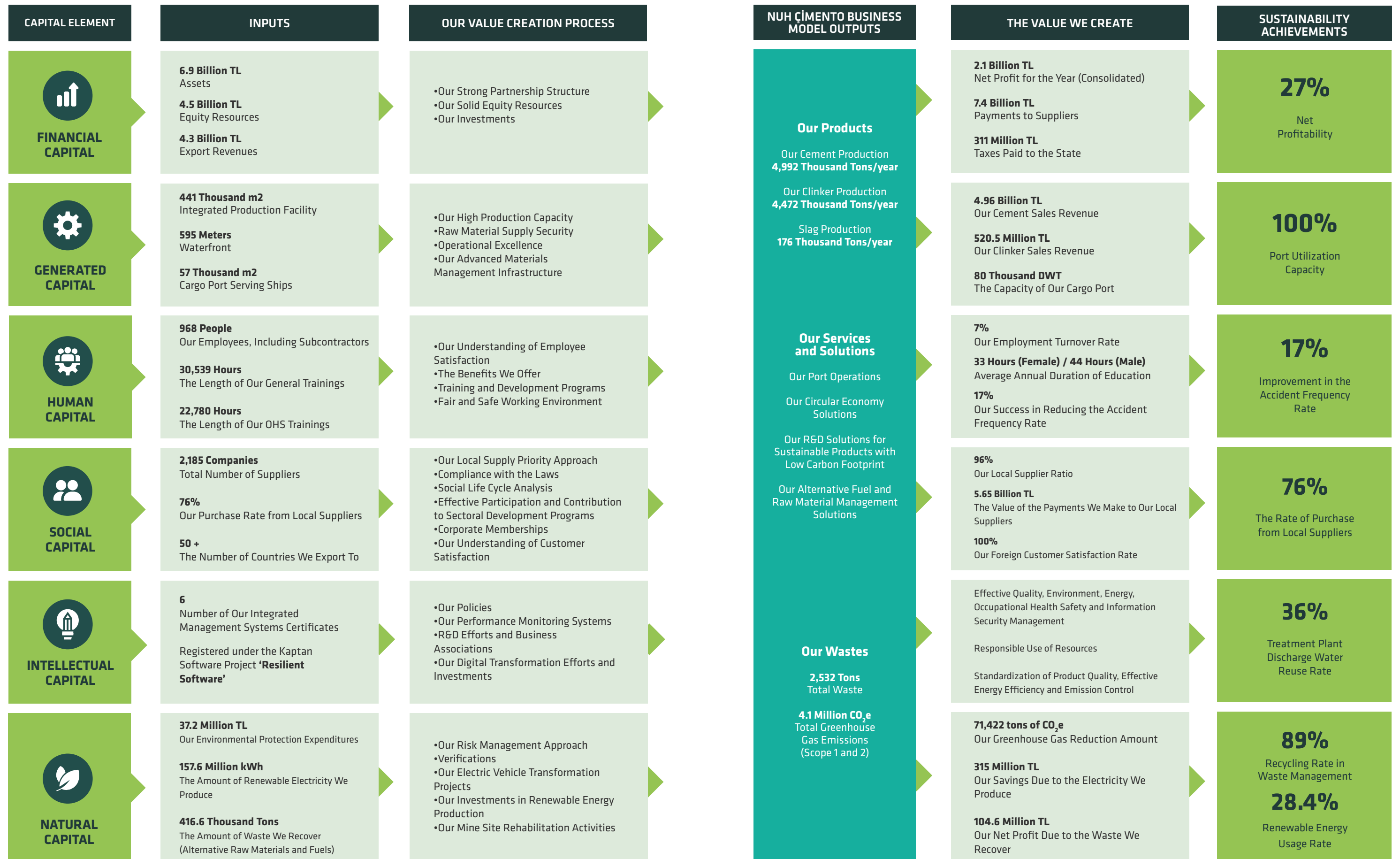
09. ANNEXES





# OUR CAPITALS AND THE VALUE WE CREATED

OUR COMMITMENT IS TO CREATE SUSTAINABLE VALUE FOR OUR STAKEHOLDERS, EMPLOYEES, DEALERS/CUSTOMERS AND SUPPLIERS.



- 01. MESSAGE TO OUR STAKEHOLDERS
- 02. OUR CORPORATE PROFILE
- 03. NUH ÇİMENTO WITH NUMBERS
- 04. STRATEGY AND MANAGEMENT
- 05. SUSTAINABILITY MANAGEMENT
- 06. OUR ECONOMIC PERFORMANCE
- 07. OUR SOCIAL PERFORMANCE
- 08. OUR ENVIRONMENTAL PERFORMANCE
- 09. ANNEXES



# STRATEGY AND MANAGEMENT

At the heart of our strategy lies our understanding of long-term value creation based on our long-established history for all our stakeholders, especially our employees, customers, shareholders and suppliers. We carry out all our processes with this understanding and together with our managers and employees who keep this approach alive, we strengthen the future of both our sector and our society. In 2022, as Nuh Çimento, we were awarded the "Value of Kocaeli" by the Kocaeli Chamber of Industry and the Bilişim Vadisi.







# OUR CORPORATE VALUES

## Established Past, Strong Future!

We have been leading the sector and innovations in line with the principle of sustainability in our ecosystem with our motto "Established Past, Strong Future" since 1966. We work with a focus on continuous development and success by feeding on the strength of our unity, and we aim to be a pioneer in the world of today and tomorrow in order to move our business further every day.

We adapt to rapid changes with our expertise, experience and production power supported by new generation technology. We are a big team that embraces its work with enthusiasm and, most importantly, works with the same excitement and perseverance.

We are accomplishing great things thanks to the strong ties we have established with all our stakeholders. We make a difference with the awareness of team spirit and mutual trust. We act based on solidarity, knowing that we are part of an unbreakable chain.



### Our Vision

- To be the preferred company of our customers, employees, suppliers, and shareholders
- To be the company leading the sustainable growth in the sector with the innovations we have implemented.

### Our mission

- Creating value for our customers
- To provide our employees with the environment and opportunities in which they will develop themselves
- To contribute to the economic and social development of the society we are in with environmental awareness.
- To make our shareholders happy with continuous performance improvement, growth and financial strength

### Our Values

- Making our employees successful in a safe working environment
- Making continuous performance development into a culture
- Not compromising the quality of our products by caring about customer satisfaction at the highest level

# CORPORATE GOVERNANCE, ETHICS AND COMPLIANCE

The highest level of management body of our company is our board of directors and its purpose is to determine the long-term strategic direction and goals of our company by taking into account the vision and values. Our Board of Directors manages the sustainable profitability targets of Nuh Çimento Group by taking into account the balance of growth and return.

Our board of directors consists of fourteen members, five of whom are independent. We have one female board member. The members of the board of directors are subject to performance evaluation in terms of their ability, capacity and work experience, as well as their ability to express themselves freely. At the ordinary general assembly meeting, all our investors, big and small, have the opportunity to share their opinions and expectations on all issues.

The board of Directors is responsible for the effective and efficient management of risks. In the Committee on Early Detection of Risk, established for the purpose of early detection of the causes that endanger the existence, development and continuation of the company, taking the necessary measures for this and managing risks with effective practices, the board members monitor the risks and opportunities related to sustainability on a daily basis. In addition to this committee, there is a Corporate Governance Committee, an Audit Committee and a Nomination Committee affiliated to the board of directors. These committees, whose main goals are to ensure the uninterrupted and lossless continuity of the enterprise and activities, play an indirect role in the effective management of economic, social and environmental performance and the dissemination of the sustainability vision in the company.

### Compliance with the Laws

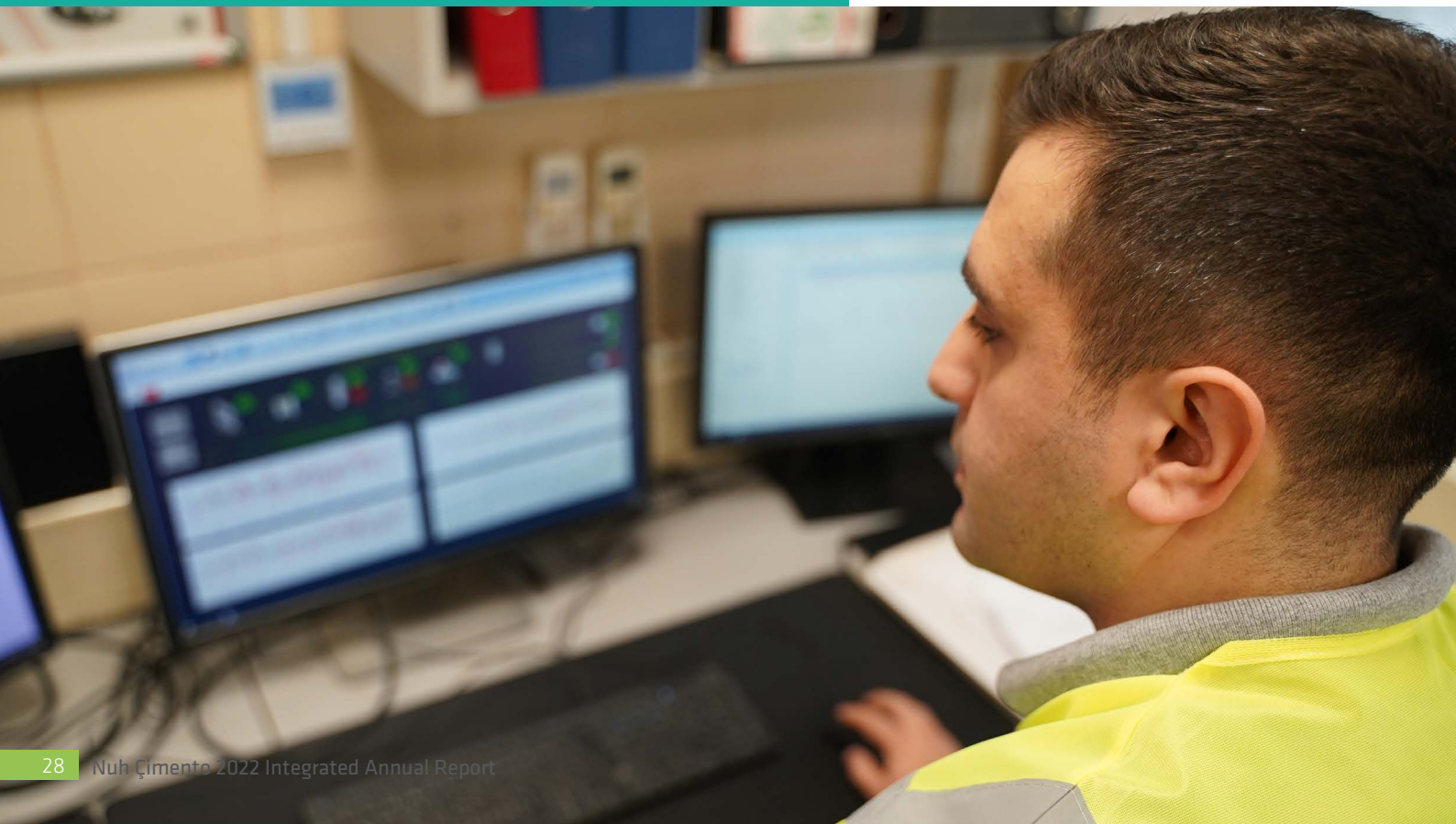
At Nuh Çimento, we carry out all our activities within the scope of official legislation, regulations and communiques. Although the main responsibility is in the board of directors, all departments are responsible for following the legislation related to their business areas and taking the necessary measures without a negative impact. Our company is subject to independent audit according to the Capital Markets Board (CMB) legislation. In addition, in order to avoid legal sanctions, to prevent loss of reputation and financial losses, we apply for consulting services in cases such as the entry into force of a new legislation or significant changes in the existing legislation.

In the event of a legal change, we are taking the necessary actions to ensure full compliance immediately, if mandatory, and compliance at the maximum rate, if not mandatory. In addition, our lawyers working in our Legal Counsel Department provide opinions to our departments on all issues deemed necessary. The Audit Committee affiliated to the Board of Directors is also able to conduct investigations and research on a number of legal issues that senior management deems necessary.

### Business Ethics

The vision, mission and our corporate values that support them were published with the approval of the Board of Directors at the strategy meeting and adopted by all our employees. The internal mechanisms that supervise our ethical values and legal behaviors in our company are our Human Resources Personnel Regulation and our Ethical Working Principles Instruction. Nuh Çimento Ethical Working Principles are a guide that guides our employees and those who act as their representatives in the decisions they will make and the behaviors they will show while performing their duties.

Our Ethics Committee is responsible for the operation and reporting of our Ethical Working Principles Instruction. Our employees are informed about these mechanisms via e-mail, Quality Management Document System (QDMS) and Intranet. Employees and external stakeholders can make their notices via email etik@nuhcimento.com.tr Suggestions, warnings and concerns received by the Ethics Committee are handled with confidentiality and meticulously.



01. MESSAGE TO OUR STAKEHOLDERS

02. OUR CORPORATE PROFILE

03. NUH ÇİMENTO WITH NUMBERS

04. STRATEGY AND MANAGEMENT

05. SUSTAINABILITY MANAGEMENT

06. OUR ECONOMIC PERFORMANCE

07. OUR SOCIAL PERFORMANCE

08. OUR ENVIRONMENTAL PERFORMANCE

09. ANNEXES





# EXTERNAL FACTORS AND GLOBAL TRENDS

At Nuh Çimento, when evaluating our risks, we follow not only internal risks, but also changes in the whole world; we prepare our company for the future by taking into account global problems, sectoral trends and possible legislative changes, as well as external factors.

## World Economic Forum WEF Risk Perception

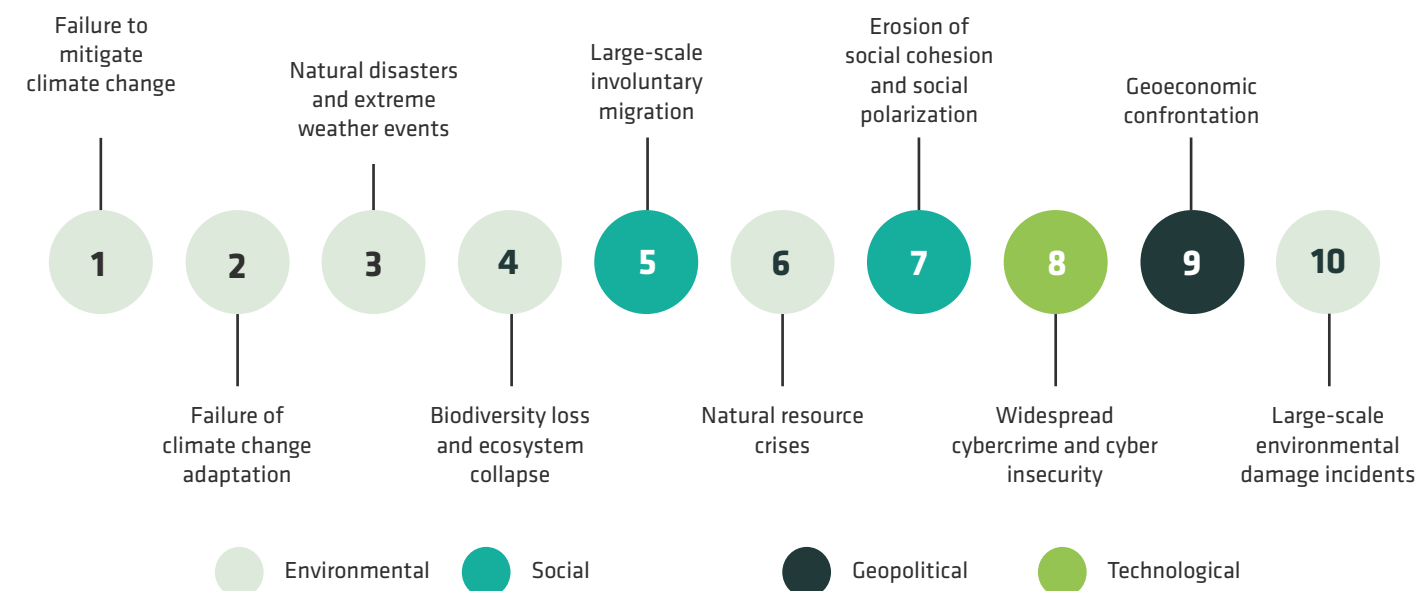
The WEF World Economic Forum Global Risk Report 2022-2023 reveals that the most prominent risk in the world is the energy supply crisis. Long-term - for up to 10 years most of the risks that will increase in severity are presented as climate change and related physical risks and biodiversity loss.

It is becoming important for companies to manage their adaptation processes by evaluating these risks in terms of business continuity. As the climate crisis and the climate-based disasters that deepen this crisis significantly affect the continuity, sustainability and future of the business. Companies need to have financial and operational flexibility in this process and prepare themselves infrastructurally.

The financial, operational and strategic risks, which are the three main risk categories that may affect the achievement of Nuh Çimento's goals, and the actions we take in relation to them, are reported broadly in our report, in section [Legal Explanations](#) and title [Risk Management and Evaluation of the Board of Directors](#). As a result of the evaluations we made with our stakeholders during the preparation process of our report, we have included the actions we have taken on global risks directly related to the strategic issues we have identified in detail in this report. The explanation table for this is given below.

## WEF Global Risks with the Highest Probability

WEF Long-Term Global Risks	Nuh Çimento Risk Management Category	Related Titles in the Report
1. Failure to mitigate climate change	Operational (Environmental Risks) Financial Risks	<a href="#">Climate Change and Energy Management</a>
2. Failure to adapt to climate change	Operational (Environmental Risks) Strategic Risks Financial Risks	<a href="#">Climate Change and Energy Management</a>
3. Natural disasters and extreme weather events	Operational (OHS Risks) Financial Risks	<a href="#">Disaster Preparedness and Response</a>
4. Biodiversity loss and ecosystem collapse	Operational (Environmental Risks) Strategic Risks	<a href="#">Protection of Biodiversity</a>
5. Large-scale involuntary migration	It is not directly related to our activities.	-
6. Natural resource crises	Operational Risks Financial Risks	<a href="#">Water and Wastewater Management</a> <a href="#">Materials Management</a>
7. Erosion of social cohesion and social polarization	It is not directly related to our activities.	-
8. Widespread cybercrime and cyber insecurity	Operational (IT Risks) Financial Risks	<a href="#">Digital Transformation</a>
9. Goeconomic confrontation	It is not directly related to our activities.	-
10. Large-scale environmental damage incidents	Operational (OHS Risks) Financial Risks	<a href="#">Disaster Preparedness and Response</a>



Source: WEF 2022-2023 Global Risk Report

## EU Green Deal Carbon Border Adjustment Mechanism

The Green Deal roadmap, announced by the European Union in 2019, includes actions to be taken to reach zero emission value by 2050. The most effective of these is that a carbon tax will be applied to imported products at the border. The Commission envisages gradually removing the free allocations of carbon-intensive industrial sectors and applying a carbon price at the rate of carbon content to third-country products instead (CBAM-Carbon Border Adjustment Mechanism).

The final approval of the member states will be obtained after the completion of negotiations between the European Parliament and the European Commission on the CBAM, which was adopted after the vote in the European Parliament in June 27, 2022. In addition to the iron and steel, fertilizer, aluminum, electricity and cement proposed by the European Commission, materials such as organic chemicals, plastic polymers, hydrogen and ammonia are expected to be included in the scope of the CBAM. From 2023 onwards, importers will be required to report on the carbon content of products and importers will start paying carbon prices to the EU as of 2026.

## Nuh Çimento's Actions oriented with Global Regulations

As Nuh Çimento, within the scope of the Turkish Cement Sector 2050 Roadmap Working Group established under the chairmanship of the Board members of TÜRKÇİMENTO, we supported the preparation of a National Emissions Trading System Roadmap by taking part in an authorized focus group.

We have completed the Nuh Çimento Carbon Roadmap in 2022, which we started in 2021 under the leadership of our CEO and under the coordination of our Sustainability and Environment Directorate. We have made risk and cost assessments with alternative methods and prices over different scenarios within the scope of the EU Green Deal Carbon Tax at the Border and the Emission Trading System (ETS) prepared by our Ministry of Environment and Climate Change. As a result of these evaluations, we have planned our actions and projects for the coming period in five main headings. The details of these studies are in our report under [Our Strategy and our 2053 Net Zero Carbon Roadmap](#) and the results of the studies we have carried out so far are under [Climate Change and Energy Management](#).

## The Need for Rapid Urbanization and Sustainable Cities

While 55 percent of the world's population lives in urbanized areas today, it is estimated that this proportion will increase to 68 percent by 2050. This development will create a significant burden on infrastructure, services, employment and the environment. The building materials industry has responsibilities such as supporting sustainable cities and responding to the needs of the growing population.

Sustainable development requires a significant transformation in our methods of building urbanized areas and the way we manage; low-carbon production among them are buildings whose processes and construction materials maintain energy efficiency throughout their entire life cycle.

Cement, on the other hand, has an important place in meeting the needs of the rapidly growing population as a low-carbon material according to its availability and long-term durability properties when it turns into concrete.

## Nuh Çimento's Actions for Sustainable Products

The positive effects that we have created as Nuh Çimento for this trend is under the title [Our Performance to Reduce Our Carbon Footprint with Environmentally Friendly Products](#)

## New Technologies and Innovation

The rapid development of technology is one of the most striking forces of today, directly affecting all industries in the world. We need to embrace this potential in order to improve, modernize our processes and trigger innovation. Digitalization of cement operations and management with clear data are becoming more important every day for us to make decisions based on more information. New digital applications provide opportunities such as providing more efficient products with processes that create more value with robots and artificial intelligence technologies and reducing the impact on our entire value chain.

## Nuh Çimento's Technology Development Actions for Sustainability

The positive effects that we have created Nuh Çimento for this trend is under the title [Digital Transformation](#)

- 01. MESSAGE TO OUR STAKEHOLDERS
- 02. OUR CORPORATE PROFILE
- 03. NUH ÇİMENTO WITH NUMBERS
- 04. STRATEGY AND MANAGEMENT
- 05. SUSTAINABILITY MANAGEMENT
- 06. OUR ECONOMIC PERFORMANCE
- 07. OUR SOCIAL PERFORMANCE
- 08. OUR ENVIRONMENTAL PERFORMANCE
- 09. ANNEXES

## SUSTAINABILITY MANAGEMENT

At Nuh Çimento, we carry out activities and make investments that will fulfill our commitment to ensuring economic, environmental and social sustainability in a balanced way. We integrate sustainability at all levels of our company as a long-term, healthy, profitable, and value-offering management approach with the targets we have set in each of our priority areas, especially our 2053 net zero carbon target, which we have set in 2022, as well as as a long-term, healthy, profitable and value-offering management approach to all our stakeholders.





# OUR SUSTAINABILITY MILESTONES

2006

## WASTE INCINERATION LICENSE

We have started using waste as an alternative fuel and raw material. We have taken the first steps to transition to renewable energy instead of using natural resources.

2007



## ONLINE MONITORING OF EMISSIONS

By establishing the first online flue gas monitoring system in the cement sector in Turkey, we have opened it to the access of the competent authorities.

## SEA WATER TREATMENT REVERSE OSMOSIS (RO) SYSTEM

Thanks to the system we have obtained domestic water by treating sea water, we have reduced the use of underground and clean water resources.

2008



## BIOLOGICAL PACKAGE TREATMENT PLANT

We have established a new fully automated system treatment plant with the investment of Biological Package Treatment Plant.

## THE FIRST INTEGRATED SLUDGE DRYING PLANT

Our sludge drying facility, where urban and industrial wastewater treatment sludge is dried with waste heat and energy recovery is provided, became the first example of Turkey for the waste and cement sectors.

## ISO 14001 ENVIRONMENTAL MANAGEMENT SYSTEM

After the studies started in 2007 and the audits completed in 2008, Nuh Çimento started to manage its activities in international standards with the ISO 14001 Environmental Management System Certificate.

2010

## ŞEHABETTİN BİLGİSÜ ENVIRONMENT AWARDS

With the "Project Incentive Award" in 2010, the "Jury Special Award" in 2014, the "Mixed Facilities Environment Award" in 2017, we have crowned our achievements three times at the national Şehabettin Bilgisü Environment Awards.

2011

## THE PROJECT OF CONVERTING ELECTRO FILTERS INTO BAG FILTERS

With the transformation project of seven electro filters into bag filters that started in 2009, we have reduced the dust emission output below European standards.

2012

## RENEWABLE ENERGY PRODUCTION WITH HEPP

We have started to supply electricity from renewable sources with our hydroelectric power plant with an installed capacity of 17 MWh.

## FULLY AUTOMATED WASTE FEEDING SYSTEMS

By installing RDF (Refuse-Derived Fuel) Feeding System, we ensured that the waste is fed to the kilns with full automation without touching it.

2013

## RENEWABLE ENERGY PRODUCTION WITH WASTE HEAT RECOVERY (WHR)

We have established an electricity generation plant with a capacity of 18 MWh by recovering the waste heat from chimneys and increased our electricity supply capacity from renewable sources.

## ICCI ENERGY OSCAR AWARDS

Having received the "Jury Special Award" in 2013 and the "Waste Heat Category Oscar Award" in 2019, we have been an example with our energy investments at the ICCI Energy Oscar Awards twice.

2014

## LOW NOx SYSTEM WITH SNCR PLANT

By commissioning the SNCR Plant investment, we have reduced our NOx emissions from chimneys. (SNCR- Selective Non-Catalytic Reduction / Non-Catalytic Selective Reduction)

2016



## GREENHOUSE GAS REDUCTION CERTIFICATION WITH CO2 REDUCTIONS CERTIFICATE

We have received the VCS Carbon Reduction Certificate for 56.104 tons of CO2e/year for the power generation plant with waste heat recovery and 24.935 tons CO2e/year for sludge drying plant.

## TURKEY'S FIRST CEMENT FACTORY TO RECEIVE THE ENVIRONMENTALIST FACILITY AWARD

Nuh Çimento became the first cement factory in Turkey to receive the "Environmentalist Facility Award" in the evaluation of the environmentalist facilities award organized every year by the Healthy Cities Association.

2017



## IZMIT GULF FISHING PROJECT

As the sole sponsor of the Gulf of Izmit Fishing Project, which has the distinction of being the first in Turkey in the saltwater environment, we have made positive contributions to the ecosystem of the Sea of Marmara.

2018

## THE FIRST INTEGRATED ANNUAL REPORT APPROVED BY GRI

We have published the first Integrated Annual Report of Nuh Çimento with a sustainability perspective.

## LAUNCHING PRODUCTS WITH A LOW CARBON FOOTPRINT TO THE MARKET

We have launched cement types with a low carbon footprint and a high additive ratio to the market.

## THE PROJECT OF CONVERTING CONSTRUCTION MACHINERY TO ELECTRIC VEHICLES

We have signed a first in the cement sector with the project of switching the construction machines used in raw material extraction from a motorized system to an electric system.

## LOW CARBON HERO AWARD

We received the "Low Carbon Hero" award for two consecutive years at the Istanbul Carbon Summit with renewable energy projects in 2018 and low carbon footprint product projects in 2019.

2019



## INTEGRATED ANNUAL REPORT INTERNATIONAL ACHIEVEMENT AWARD

With our Integrated Report of the year 2019, we received the Bronze medal by receiving the only award of the Combined Reports Category from the ARC Awards, which is known as the Oscars for annual reports and has received the most applications worldwide.

2020

## CSC CERTIFICATE OF RESPONSIBLE USE OF RESOURCES

We received the Bronze certificate as Nuh Çimento in the Evaluation of Responsible Use of Resources by CSC (Concrete Sustainability Council) Concrete Sustainability Council

## OUR CEO IS AMONG THE SUSTAINABILITY LEADERS OF TURKEY

In Fast Company Magazine's Turkey's Sustainability Leaders evaluation, our CEO Gökhan Bozkurt took the 27th place among the nominated leaders and became the only leader in our sector.

2021

## INTEGRATED ANNUAL REPORT INTERNATIONAL ACHIEVEMENT AWARD

With our Integrated Report for 2020, we were the winner of the Gold medal in the Combined Reports Category of the ARC Awards, which is known as the Oscars for annual reports and has received the most applications worldwide.

## OUR CEO IS ONCE AGAIN AMONG THE SUSTAINABILITY LEADERS OF TURKEY

In Fast Company Magazine's Turkey's Sustainability Leaders evaluation, our CEO Gökhan Bozkurt took the 47th place among the nominated leaders and became the only leader in the sector.

## INSPIRING CORPORATE SUSTAINABILITY EFFORTS

We won the "Inspiring Corporate Sustainability Studies" Award at the SUSZ'21 Social Compliance and Sustainability Summit.

## GREAT PLACE TO WORK CERTIFICATE

With our exemplary practices in Human Resources, we have been entitled to receive a Great Place To Work Certificate.

2022

## GREAT PLACE TO WORK AWARDS



Great Place To Work "Turkey's Best Employers 2022" Award



Great Place To Work Certificate "Best Employers of Production 2022" Second Place Prize



Best Millennials Turkey's "Best Great Workplace For Millennial Employees" Award

## ENVIRONMENT AND AWARENESS AWARDS

"Sustainability Awareness Honorary Award" at the Economist Anadolu 500 Awards



Kocaeli Chamber of Industry 28th Şehabettin Bilgisü Environmental Awards "Large-Scale Sectoral (Construction Materials) Environmental Award"

Tulip Sustainability Center Environmental Awards "Awareness-Raising Institution Award"



TURKISH EXPORTERS ASSEMBLY AWARDS

General Cement Sector "Championship Award" in the Category of "The Company that Performs the Most Exports"

Gray Cement Sector "The Company that Performs the Most Exports" Award

Grey Cement Sector "Championship Award" in the Categories of "The Company that Increases Its Exports the Most"

5th Prize in Clinker Sector "Company with the Most Exports" Category



KOCAELI CHAMBER OF INDUSTRY AWARDS

Kocaeli Chamber of Industry "Value of Kocaeli Award"

Kocaeli Chamber of Industry "Sectoral Performance Construction and Building Sector Grand Award"



# OUR STRATEGY AND THE 2053 NET ZERO CARBON ROADMAP

As Nuh Çimento, we manage sustainability with our occupational health and safety goals, as well as our economic performance, which offers value to all our key stakeholders with our position in the international market, and with our goals to reduce all our environmental impacts, especially energy and emissions. At Nuh Çimento, we take into account all global development and risks, not only internal risks, when evaluating our risks.

Our company's sustainability strategy started to be formed many years ago within this framework as a result of the need for alternative energy and raw material sources due to rising energy costs all over the world. In this sense, while sustainability projects are managed as the daily activities of our company, our goals have also been shaped under this roof. In recent years, the fact that we have felt the consequences of climate change intensely and the developing international regulations have been effective in starting to manage our strategy with a climate risk-oriented approach.

## As Nuh Çimento, we aim to become a Net Zero Carbon company in 2053

We have determined our actions in five steps to achieve this goal.

### 1. Realizing the Green Factory Transformation

- Becoming a factory that consumes less fuel and electricity for a unit product with continuous efficiency projects

### 2. Realizing the Green Fuel Transformation

- Using cheap and low-carbon fuels compared to primary fuels such as RDF/SRF/TDF
- Carrying out studies related to Biomass/Energy Agriculture

### 3. Realizing the Transformation of Green Raw Materials

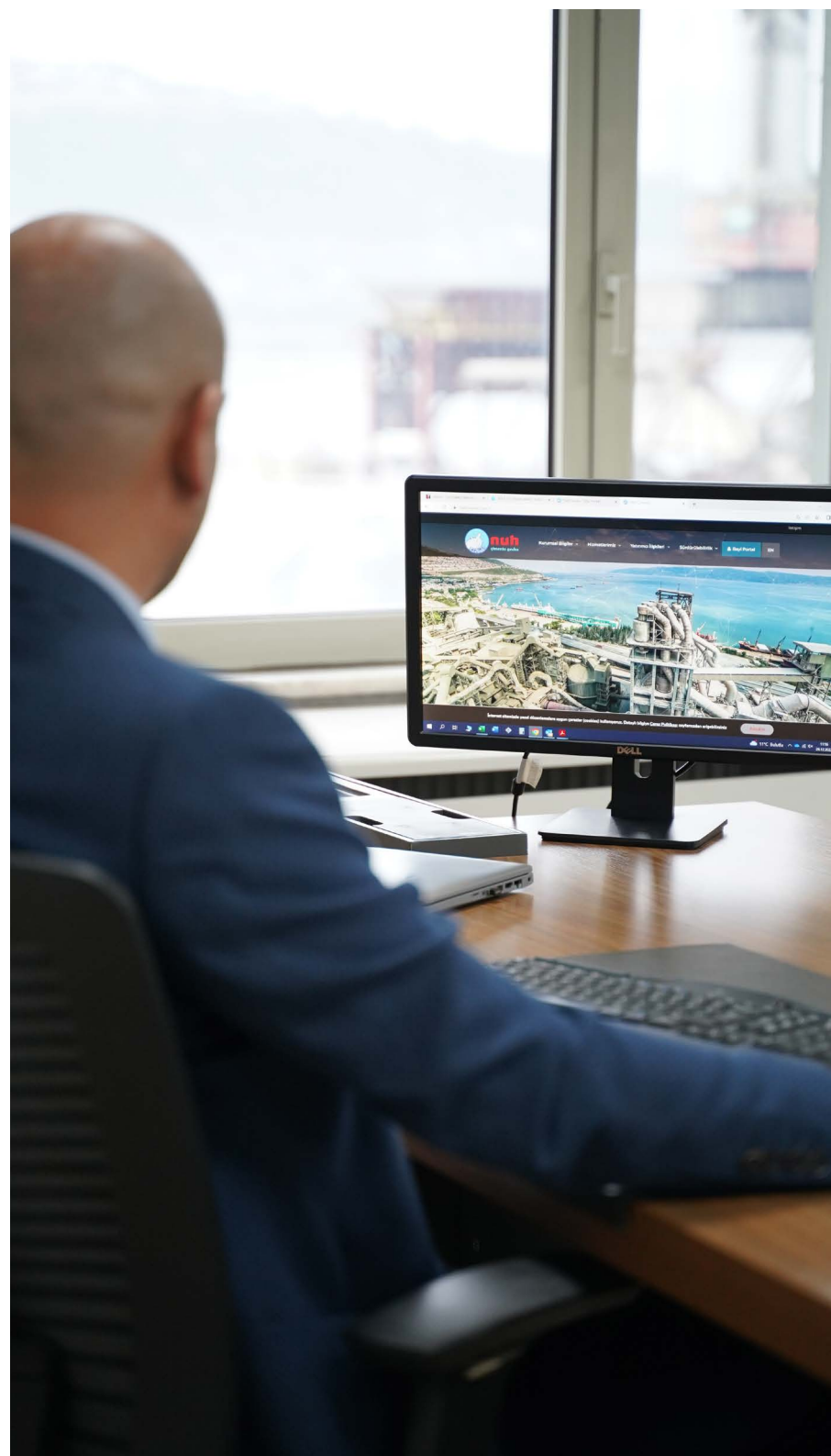
- Improving the circular economy and industrial symbiosis
- Using more alternative raw materials

### 4. Producing and Using Green Electricity

- Increasing electricity production from renewable sources
- Reducing fossil fuel dependence with electrification projects

### 5. Producing Green Cement

- Producing and developing cement in the same quantity and quality using less clinker



# SUSTAINABILITY MANAGEMENT STRUCTURE

We have restructured our sustainability team in 2021 within the scope of responsibilities and targets. The structure, which previously operated under the responsibility of our General Manager, started working directly under the CEO and the Board of Directors through our General Manager, who is also the Chairman of the Sustainability Committee.

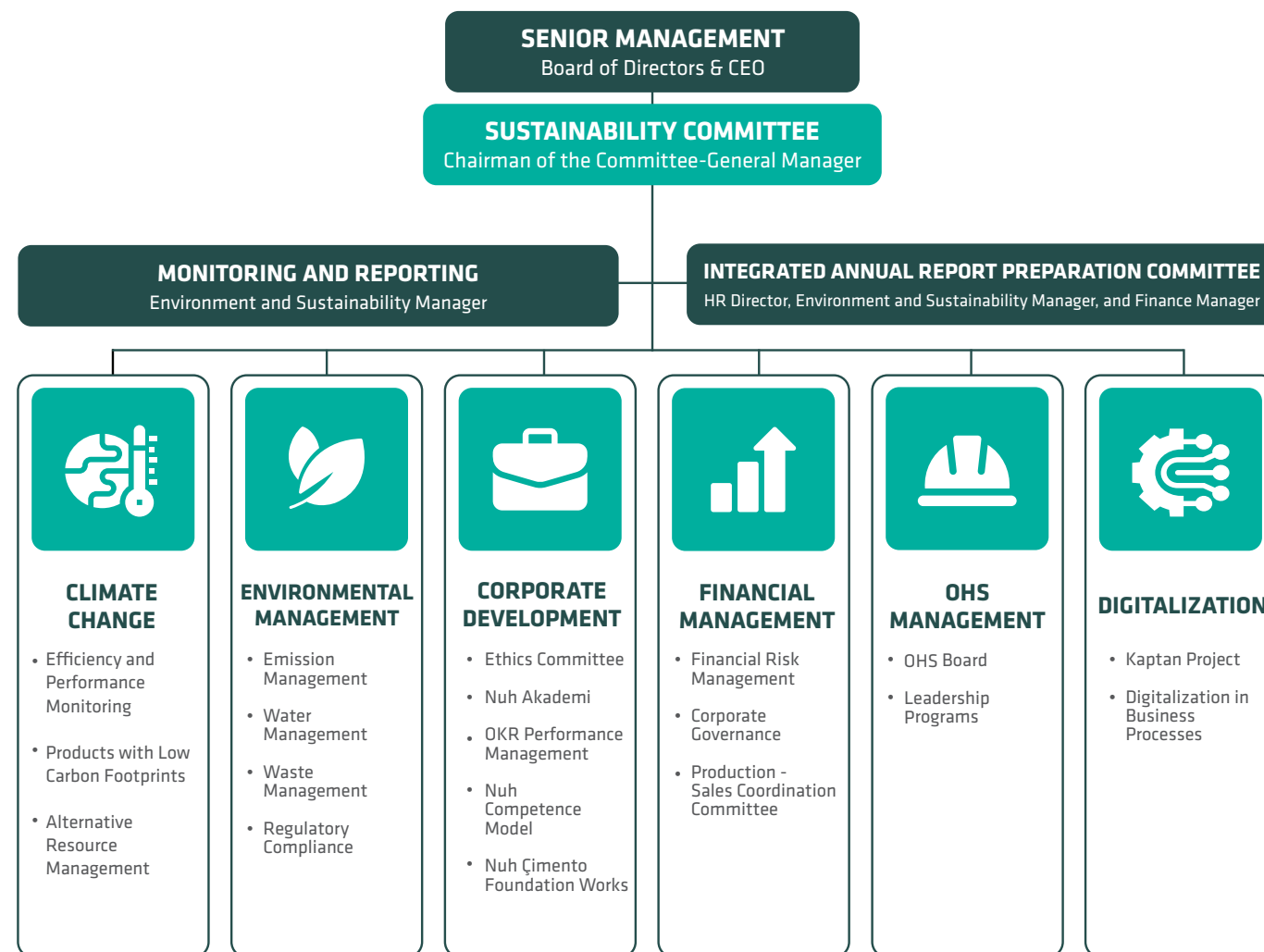
In order to keep up with the rapidly changing world and the new world order, we have redesigned and structured our sustainability activities with the Sustainability Committee chaired by our General Manager together with the vision drawn by our CEO.

The Integrated Annual Report Preparation Committee, formed by our managers from the Environment and Sustainability, Human Resources and Finance departments, and our Environment and

Sustainability Manager responsible for performance monitoring and reporting, lead six working groups that develop projects for our focus areas.

The details of these six working groups and the issues that make up their agendas are included in the diagram below. Within the scope of monitoring and reporting, we organize regular meetings with working groups with monthly periods, and we hold two meetings per year within the scope of the annual integrated annual report.

We follow up all our sustainability targets included in our report and support our corporate goals with this team and regularly report the developments related to our performance to our General Manager at least twice a year.



01. MESSAGE TO OUR STAKEHOLDERS

02. OUR CORPORATE PROFILE

03. NUH ÇİMENTO WITH NUMBERS

04. STRATEGY AND MANAGEMENT

05. SUSTAINABILITY MANAGEMENT

06. OUR ECONOMIC PERFORMANCE

07. OUR SOCIAL PERFORMANCE

08. OUR ENVIRONMENTAL PERFORMANCE

09. ANNEXES





# MATERIALITY ASSESSMENT AND STAKEHOLDER ENGAGEMENT

Our stakeholders are people and institutions who are affected by our activities today and in the future, and who also have an impact on our corporate goals with their decisions. Our stakeholders, employees, dealers and other customers are also in the key stakeholder group because they bear legal, financial or operational responsibility towards our company. First of all, we communicate with all our stakeholders, including our key stakeholders, at different times and platforms and ensure that they get detailed information about our company, products, activities and business results.

We have been carrying out stakeholder participation efforts since 2017, when we prepared our first integrated annual report, with the awareness that the assessments of different stakeholder groups about our company may differ in connection with their areas of interest. We receive their feedback on their expectations from our company through our regular communication platforms.

In the coming periods, we will continue to develop existing platforms, open new communication channels specific to our internal and external stakeholders, and regularly listen to the ideas and requests of our stakeholders that are directly related to our business in context of sustainability. We believe that the feedback we will receive in this context will play an important role in shaping our goals.

## 2017

OUR EMPLOYEES, OUR DEALERS / CUSTOMERS

**Participation Platform:** Sustainability Prioritization Survey-Online  
**Changes and Consequences:** Occupational Health and Safety, Economic Performance, Energy Management, Materials, Purchasing Applications were the top five priority topics. Water Management, Employment, Training and Development, Compliance with the Laws and Local Community were the main topics of our report.

## 2018

OUR EMPLOYEES

**Participation Platform:** Sustainability Performance Evaluation Survey- Online  
**Changes and Consequences:** There has been no significant change in the matrix.

## 2019

OUR EMPLOYEES

**Participation Platform:** With the Academic Support of Kocaeli University- Face-to-Face Survey  
**Changes and Consequences:** There has been no significant change in the matrix.

## 2020

SUSTAINABILITY WORKING GROUP and SENIOR MANAGEMENT

**Participation Platform:** Stakeholder Priorities Workshop- Internal Evaluation  
**Participation Platform:** Review Meeting  
**Changes and Consequences:** At the end of the study, we also added the topics of Digital Transformation and Growth in International Markets, which are increasing in importance every day, to our current strategic topics. Due to the important role of the cement sector in the fight against climate change and the developments within the scope of the European Green Deal, Emission Management, which we previously discussed under waste management, took its place in the matrix as the main topic this year.

## 2021

SUSTAINABILITY WORKING GROUP

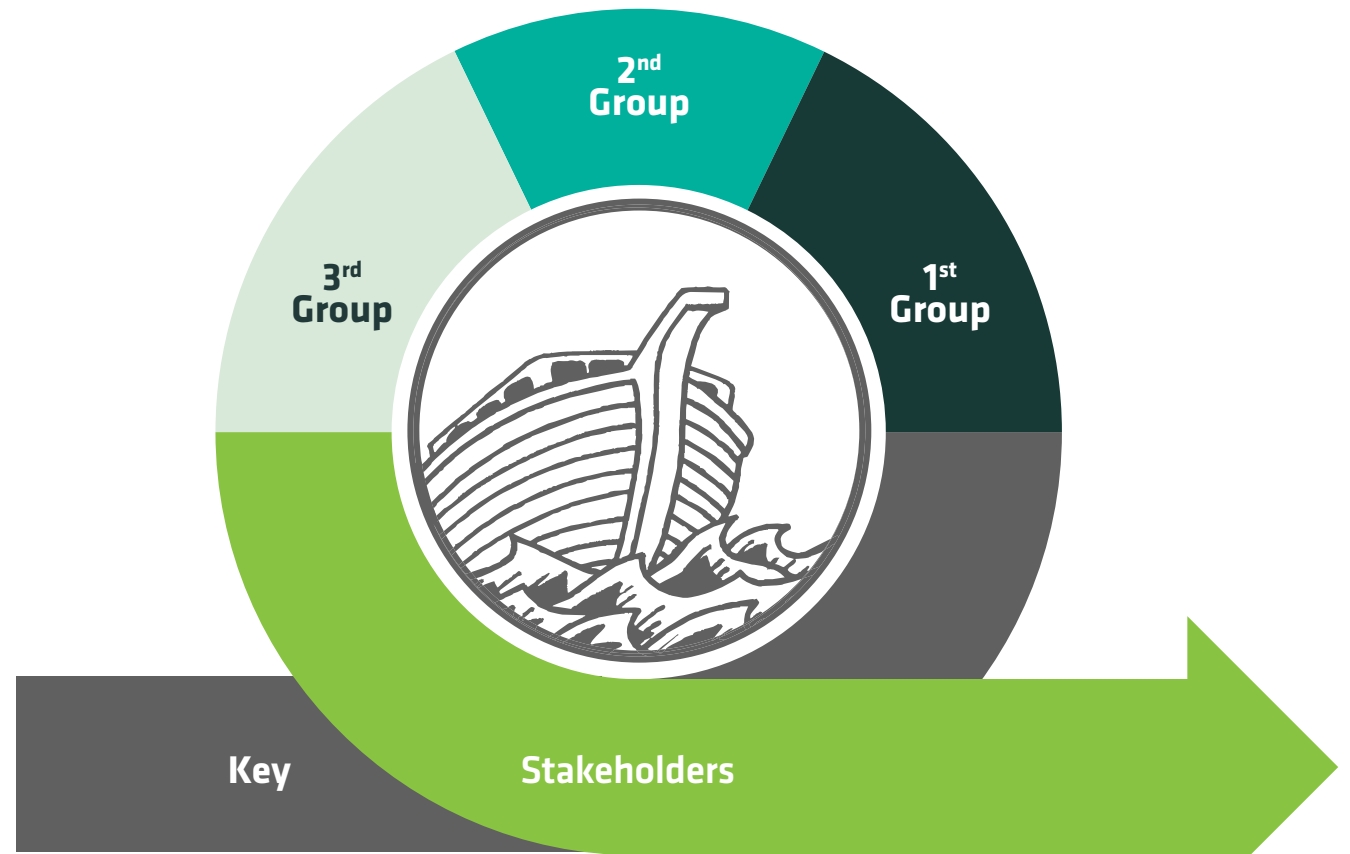
**Participation Platform:** Review Meeting  
**Changes and Consequences:** We have collected the topics of Energy Management and Emission Management under one heading as Climate Change and Energy Management in order to increase awareness.

## 2022

SUSTAINABILITY WORKING GROUP and SENIOR MANAGEMENT

**Participation Platform:** Review Meeting  
**Changes and Consequences:** Taking into account the possible physical risks that may arise from climate change, we have added the title of Disaster Preparedness and Response to our priority issues. We have received the final approval of the senior management for all priority issues.

## Our Key Stakeholders



- Stakeholders
- Employees
- Dealers
- Customers
- Suppliers
- Trade Unions of Workers and Employers
- Sectoral Associations
- Local Community
- Public and Regulatory Institutions
- Group Companies
- Investors
- Press and Media

## Our Communication Platforms with Our Stakeholders

At Nuh Çimento, our communication platforms and communication frequency also vary in accordance with our stakeholder priorities. Our employees in our internal stakeholder group, who are among our stakeholders in the first group, are naturally our stakeholders with whom we communicate most. Depending on the subject, we communicate, inform and receive feedback from them via e-mail, Pusula: our internal communication platform, social media, online and face-to-face events/meetings, in-office TV screens and employee survey at daily, weekly, monthly and annual frequencies.

We communicate through one-on-one meetings, general meetings, website, telephone, e-mail, press releases and social media platforms with our shareholders and we use Dealer portal, telephone, e-mail, social media, online and face-to-face events/meetings, visits and brochures to

communicate with dealers and customers. We communicate with Suppliers, Employee and Employer Unions, Sectoral Associations, Local Community and Public and Regulatory Institutions in our second stakeholder group by phone, e-mail, social media, online and face-to-face events / meetings, seminars at regular periods, while at the same time we provide communication with the local community through our social responsibility projects.

We provide communication with Group Companies in our third stakeholder group, Investors and the Press and Media on telephone, e-mail and social media platforms and receive their feedback.







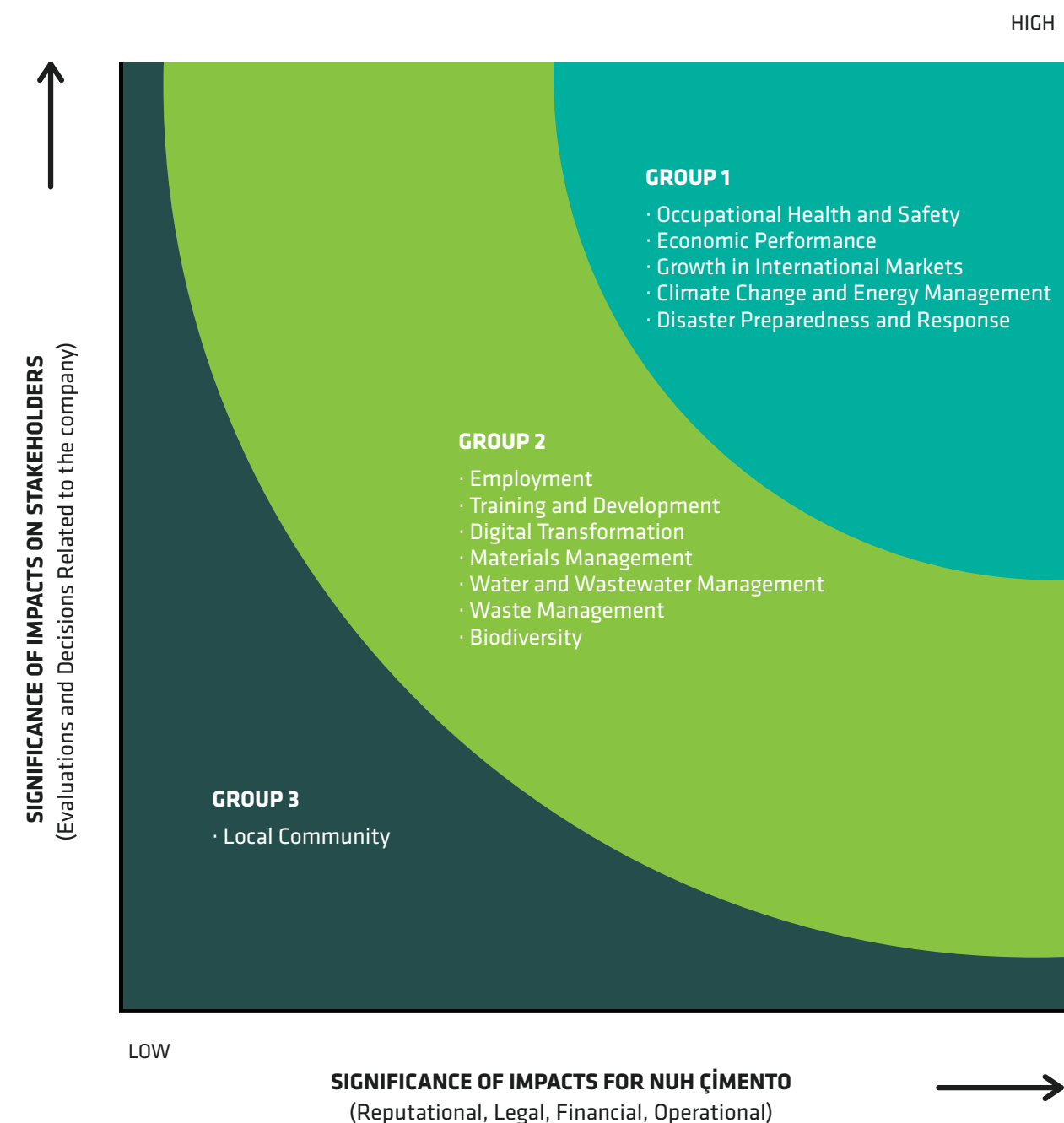
# OUR SUSTAINABILITY PRIORITIES

We have updated our priority sustainability issues with a review meeting we held with our Sustainability Working Group in the fourth quarter of 2022 in the light of the sector analyses, stakeholder prioritization surveys and senior management strategy studies we have conducted in recent years.

In our review meeting, where we evaluated global trends and risks with our Sustainability Management Consultant, the possible that could be caused by climate change taking into account the physical risks, we have added the title of Disaster Preparedness and Response to our priority issues. Our material issues, which constitute the main topics of our report, in line with our 2030-2053 sustainability targets have been approved by our senior management, which consists of our Board of Directors and our CEO.

In our report, while conveying our performance mainly related to the issues in the first group, we gave an outline to the issues of lower importance in the second group, thinking that they might be included in the first group in the future years.

## Strategic Sustainability Issues Matrix



# SUSTAINABILITY IMPACTS ALONG OUR VALUE CHAIN

At Nuh Çimento, we transfer all our sustainability effects in the processes from the production of raw materials to the use of our products by our customers in the following diagram. We examine our sustainability impacts, which we have identified in two priority groups, directly and indirectly in two categories in this value chain. Direct and indirect effects may be related to both nature/environment and social stakeholders, depending on their content.

Direct effects point to issues that are one hundred percent controlled by Nuh Çimento and may also have a high probability and severity, while indirect effects are issues that are not one hundred percent controlled by Nuh Çimento and/or whose probability and severity are lower in that process.



- 01. MESSAGE TO OUR STAKEHOLDERS
- 02. OUR CORPORATE PROFILE
- 03. NUH ÇİMENTO WITH NUMBERS
- 04. STRATEGY AND MANAGEMENT
- 05. SUSTAINABILITY MANAGEMENT
- 06. OUR ECONOMIC PERFORMANCE
- 07. OUR SOCIAL PERFORMANCE
- 08. OUR ENVIRONMENTAL PERFORMANCE
- 09. ANNEXES





# OUR SUSTAINABILITY TARGET

Since last year, we have largely achieved our goals that we have set in the name of sustainability. Taking into account the new projects and efforts going forward, we have also raised many of our goals. Explanations about our goals that we have not achieved are included below the relevant goal.

## ECONOMIC TARGET

Economic Performance	Performance Criteria	Target (2022)	Realized (2022)	Target (2023)
Increasing the value we offer to our shareholders	Net profit ratio (%)	(Minimum) 20	27	(Minimum) 20
Preferring local suppliers to foreign suppliers in purchases	Domestic purchase rate (%)	70	76	(Minimum) 73

Growth in the International Market	Performance Criteria	Target (2022)	Realized (2022)	Target (2023)
Increasing our exports	Export rate (%)	(Minimum) 75	79	(Minimum) 70

Digital Transformation	Performance Criteria	Target (2022)	Realized (2022)	Target (2023)
Realizing digital transformation in our process operations	The proportion of our operations on which we have initiated digital transformation (%)	66	68	(Minimum) 74*

\* We have increased our target because we have reached our digital transformation target.

## SOCIAL TARGET

Occupational Health and Safety	Performance Criteria	Target (2022)	Realized (2022)	Target (2023)
Preventing work accidents that result in loss of life	Number of fatal accidents	0	0	0
Reducing the frequency of occupational accidents	Number of accidents (1 million work hours and with lost days)	0	5	0
Preventing accidents that result in loss of working day	Lost business day (Lost day as a result of an accident*person)	0	80	0

Employment	Performance Criteria	Target (2022)	Realized (2022)	Target (2023)
Preventing the employee turnover rate from rising	Employee turnover rate (%)	(Max) 7	7	(Max) 7

Training and Development	Performance Criteria	Target (2022)	Realized (2022)	Target (2023)
Increasing the training time provided per employee	Duration of training per person (hours)	36	44	40

Disaster Preparedness and Response	Performance Criteria	Target (2022)	Realized (2022)	Target (2023)
Conducting regular disaster drills every year	Number of annual drills	New Target	1	(Minimum) 1

## ENVIRONMENTAL TARGET

Energy	Performance Criteria	Target (2022)	Realized (2022)	Target (2023)
Ensuring the efficient use of electrical energy	Electrical energy used per ton of product (cement) (kWh/ton of cement)	(Max) 108	106.2	(Max) 106
	Thermal energy used for the production of one ton of clinker (Kiln 1) (kcal/kg of clinker)	(Max) 761	764*	(Max) 764
Ensuring the efficient use of heat energy	Thermal energy used for the production of one ton of clinker (Kiln 2) (kcal/kg of clinker)	(Max) 761	769*	(Max) 765
	Thermal energy used for the production of one ton of clinker (Kiln k3) (kcal/kg of clinker)	(Max) 730	728	(Max) 730

\* In the current global crisis environment, there has been a decrease in combustion efficiency due to the increasing variety of fuels used, accordingly, specific cooking calories have remained above the planned value in oven 1 and 2.

Emission	Performance Criteria	Target (2022)	Realized (2022)	Target (2023)
Reducing dust emissions caused by production	Kiln 1 main emission chimney dust emission average annual value (mg/Nm3)	(Max) 20	14.0	(Max) 18
	Kiln 2 main emission flue dust emission average annual value (mg/Nm3)	(Max) 20	15.4	(Max) 18
	Kiln 3 main emission flue dust emission average annual value (mg/Nm3)	(Max) 20	14.5	(Max) 18
Reducing the amount of greenhouse gases generated by production	Amount of CO2e released for 1 Ton clinker production (kg)	(Max) 840	864*	(Max) 860

\* In the current global crisis environment, it has increased due to changes in combustion efficiency and increase in emission coefficients due to an increase in the variety of fuels used.

Materials and Raw Materials	Performance Criteria	Target (2022)	Realized (2022)	Target (2023)
Increasing the use of waste as an alternative fuel instead of the use of fossil fuels	The ratio of alternative fuel usage to total fuel consumption (%)	(Minimum) 1.5	0.6*	(Minimum) 0.5
Increasing the use of wastes as alternative raw materials instead of natural resources	The amount of alternative raw material usage (the amount declared within the scope of Environmental Legislation, excluding excavation) (tons / year)	(Minimum) 375,000	410,196	(Minimum) 250,000

\* The existing ATY facility has been removed due to the efficiency revision studies in waste incineration systems. The planned results could not be obtained in the Liquid Waste auctions and lower liquid waste purchases were realized than planned.



## ENVIRONMENTAL TARGET

Waste	Performance Criteria	Target (2022)	Realized (2022)	Target (2023)
Ensuring that the resulting waste is sent to recycling instead of disposal	The ratio of the wastes sent for recycling to the total wastes discharged (%)	(Minimum) 90	89*	(Minimum) 90

Water and Wastewater	Performance Criteria	Target (2022)	Realized (2022)	Target (2023)
Keeping the total amount of water used below a certain level	The annual amount of water consumed (m <sup>3</sup> )	1,750,000	1,880,857**	2,100,000
Ensuring the reuse of wastewater at the outlet of the treatment plant	The Rate of Waste Water Recovered (%)	New Target	36	36

\* A large amount of Glass Wool waste was released because revision and maintenance took place above the planned one. These wastes have been disposed of because they cannot be recycled.

\*\* Due to the increase in the amount of cement production and the fact that the seasons are above the expected temperatures, water consumption has exceeded the planned amount. The 2023 target has been updated as water usage will also increase due to the increase in electricity production along with the new WHR units.

Protection of Biodiversity	Performance Criteria	Target (2022)	Realized (2022)	Target (2023)
Not operating in areas where special species are bred and live in terms of Biodiversity and in other areas under protection	The number of activities carried out in protected areas in terms of Biodiversity	0	0	0
Preparing restoration (rehabilitation) projects to nature and to have them approved by the competent authorities	The proportion of mining sites approved for nature restoration projects (%)	100	100	100

# SUSTAINABILITY PRACTICES AND COLLABORATIONS

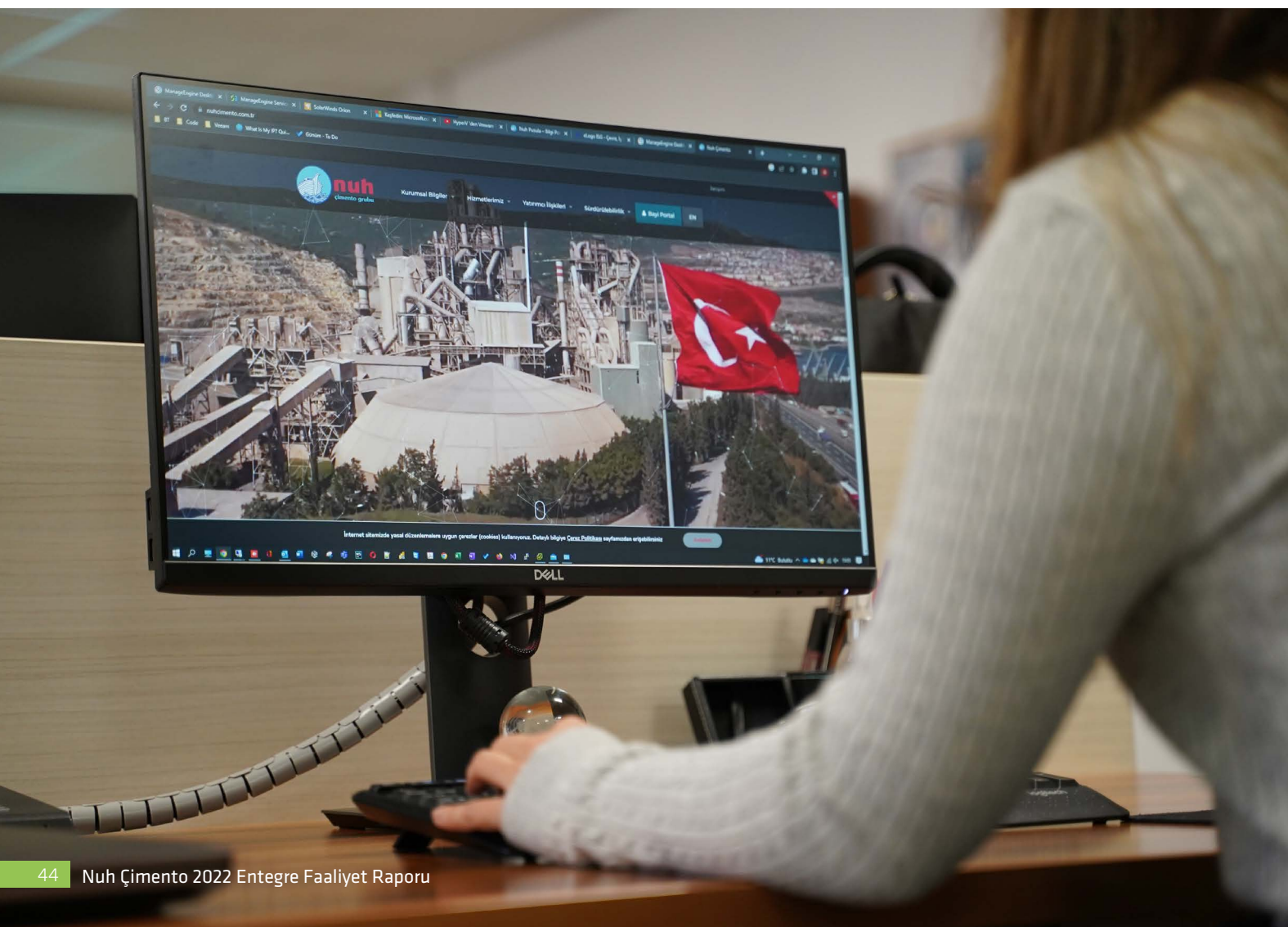
In 2022, on the one hand, we continued to focus on efficiency projects within the company, while developing and executing projects that serve our sustainability and related goals with cooperation on the other. Summary information about the projects that we have detailed in the relevant sections in our report is included in the table below.

## Projects We Carry Out with External Stakeholder Collaborations

Project Name	The Institution Cooperated With	Place in the Report
OHS Engineers Project	ÇEİS (Cement Industry Employers' Association)	<a href="#">Occupational Health and Safety</a>
OHS Performance Benchmarking Studies and Trainings	ÇEİS (Cement Industry Employers' Association)	<a href="#">Occupational Health and Safety</a>
Occupational Health and Safety Leadership Program (ÇEİSLIP)	ÇEİS (Cement Industry Employers' Association)	<a href="#">Occupational Health and Safety</a>
MBA Program	ÇEİS-TÜRK ÇİMENTO-MEF University	<a href="#">Training and Development</a>
Engineering Education Program in the Workplace	Kocaeli University	<a href="#">Training and Development</a>
The Project of Converting Construction Machines Used in the Production of Raw Materials from Diesel to Electric Vehicles	ABB	<a href="#">Climate Change and Energy Management</a>
E-Dump Truck Retrofit Project	ABB	<a href="#">Climate Change and Energy Management</a>
Izmit Bay Fish Restocking Project	Trabzon Fisheries Central Research Institute (SUMAE) affiliated to the Ministry of Food, Agriculture and Livestock and TAGEM	<a href="#">Protection of Biodiversity</a>

## Projects We Carry Out Within the Company

Project Name	Place in the Report
Kaptan Project	<a href="#">Digital Transformation</a>
Holistic Well-Being	<a href="#">Employment</a>
Sustainable Water Project	<a href="#">Water and Wastewater Management</a>
The Use of Waste Field Waters in the Process after Treatment	<a href="#">Water and Wastewater Management</a>
Use of Alternative Fuels and Alternative Raw Materials	<a href="#">Materials Management</a>
Tras Mill Tonnage Increase Effort	<a href="#">Materials Management</a>
Conversion of Sleeve-Connected Gear Motors Used Throughout the Factory	<a href="#">Materials Management</a>
SP Boilers Dust Cleaning System Replacement	<a href="#">Climate Change and Energy Management</a>





## OUR ECONOMIC PERFORMANCE

As Nuh Çimento, we maintain an important economic activity both with our supply and dealer / customer networks, employment, production and export, and contribute to the national economy. In 2022, we invested 284 million TL solely for the purpose of resource and production efficiency.

In 2022, our company was announced by the Turkish Exporters Assembly as the "Company that Increased its Exports the Most", in the Clinker Sector as the "Company that Exports the Most", in the General Cement Sector as the "Company that Exports the Most" and in the Gray Cement Sector as the "Company that Exports the Most".







# OUR CONTRIBUTIONS TO THE ECONOMY

## Our Goal

To increase the value we distribute to our stakeholders

## Realized 2022

27%

## Target 2023

Minimum 20%

The basis of our sustainable growth at Nuh Çimento lies in the fact that we always take care of the interests of our stakeholders. While continuing our commercial activities for profitability purposes, we work with the goal of providing value not only for our investors and shareholders, but also for our employees, customers, suppliers, our state and all members of the local community.

All departments, especially our Board of Directors, CEO and General Manager, are responsible for managing economic performance. Among the actions we have taken to improve our performance are new investments, benchmarking and cost decreasing efforts. We continue to contribute to employment and the development of our country with the investments we have made and the export opportunities we have created.

We are creating our necessary investment, Market and strategy plans to ensure the continuity of profitability for our shareholders and investors. In order to ensure customer satisfaction and create value for them, we record every complaint received about the product and service, work in coordination with the Domestic Sales Directorate and the After-Sales Quality Monitoring Department to resolve customer requests and complaints as soon as possible. As Nuh Çimento the most important of the indirect economic effects created by our group are paying taxes. We have been among the highest tax payers in Turkey and Kocaeli for many years.

## Our Ongoing Investments in 2022

At Nuh Çimento, we continued our repair and modernization investments that we make every year with resource and production efficiency targets in 2022. In addition to energy and material efficiency, we have transferred approximately 284 million euros of financing to these investments, which are important for protecting the health and safety of our employees.

- Kiln 1-2 Modernization Investment
- Pneumatic Dispatch Line Investment
- Bilge Boiler Investment
- Investment in Slag Grinding in RP1
- Investment in a New Workshop Building
- WHR 12 MW Turbine Construction Investment



## Our Purchasing Systems and Supplier Selection

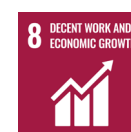
We have created purchasing processes in international standards with the most up-to-date SAP Supplier Evaluation software and our applications such as the Purchasing Portal Project. In this way, we ensure that standards on legal compliance, occupational health and safety, cost advantage, environmental compliance, energy efficiency, quality and sustainability can be controlled.

Our Purchase Procedure, which is valid for all companies of our Group, is approved by our Board of Directors. Raw material, energy, mechanical maintenance, etc. our critical goods group suppliers are put through an effective pre-evaluation system. The supply performance of suppliers is scored by user surveys conducted at the end of the year. We do not have suppliers operating in countries and geographies where the collective bargaining rights of employees have been determined to be at risk or where these risks are high.

## Supporting the Local Economy with Our Purchasing Practices

As Nuh Çimento Group, we create an important economy with the raw materials, products and services we purchase during the processes from the preparation of our products, which have reached record sales levels, to the sale. In the Economist Magazine July 2022 evaluation, we took part in the ranking of the 50 most powerful Purchasing and Supply Managers in Turkey according to the purchase volume.

273 new local and three new overseas suppliers were added to our suppliers, whose number reached 2,185 by the end of 2022. Of these, 584 serve more than one company. In 2022, we made 76 percent of the supplier expenditures of 7.4 billion TL belonging to Nuh Çimento, Nuh Yapı, Nuh Beton and Çim-Nak for the goods and services we purchased from our domestic suppliers. Nuh Çimento's share in this total is about 67 percent.



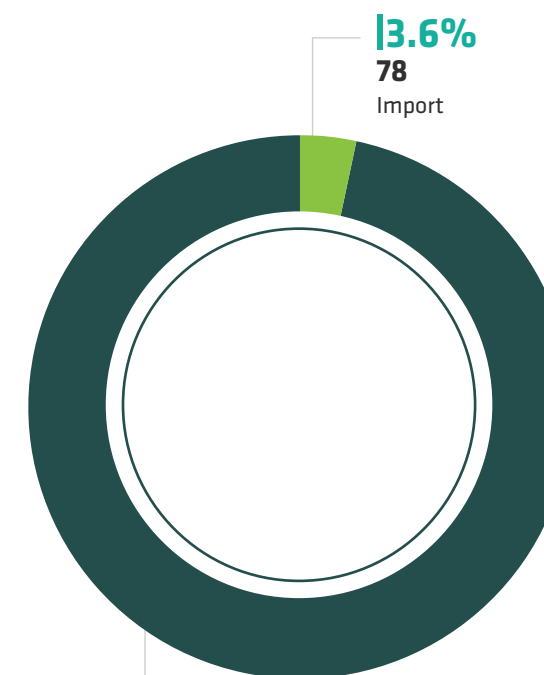
## Distribution of Our Procurement Costs

23.8%  
1,761 million TL  
Overseas Purchase



76.2%  
5,648 million TL  
Domestic Purchase

## The Number of Our Suppliers



96.4%  
2,107  
Local

01. MESSAGE TO OUR STAKEHOLDERS

02. OUR CORPORATE PROFILE

03. NUH ÇİMENTO WITH NUMBERS

04. STRATEGY AND MANAGEMENT

05. SUSTAINABILITY MANAGEMENT

06. OUR ECONOMIC PERFORMANCE

07. OUR SOCIAL PERFORMANCE

08. OUR ENVIRONMENTAL PERFORMANCE

09. ANNEXES



# GROWTH IN INTERNATIONAL MARKETS

Our Goal  
Increasing our exports

Realized 2022

79%

Target 2023

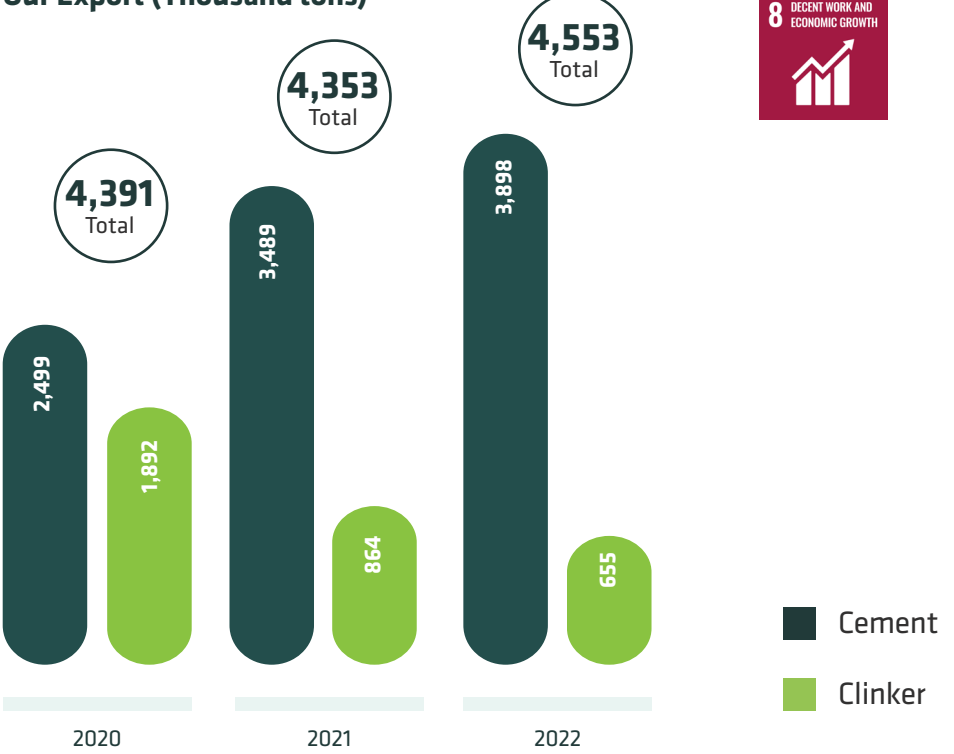
Minimum

70%

In the first nine months of 2022, the total cement production of the members of the Cement Manufacturers Association of Turkey (TÜRKÇİMENTO) decreased by 8.5 percent compared to the same period last year to 53 million 673 thousand tons. According to the provisional data of the Exporters' Associations, the total export amount of the cement sector in the January-November 2022 period decreased by 10.4 percent compared to the same period of the previous year and fell to 25 million 300 thousand tons. The cement exports of the sector showed an increase of 2.4 percent compared to the same period last year. The decrease in clinker exports reached 29.3 percent. The total exports of the sector consisted of 17.2 million tons of cement and 8.1 million tons of clinker.

We received the championship award in the category of the Top Exporter in the general cement sector (including clinker) in the 2021 Turkish Exporters Assembly (TIM) Top 1000 Exporters List, announced in 2022. We export our products to more than 50 countries in North America, Africa and Europe. In 2022, our total exports amounted to 259 million dollars, an increase of 54 percent compared to 2021. Our exports to the USA reached 227 million dollars with an increase of 71 percent compared to 2021.

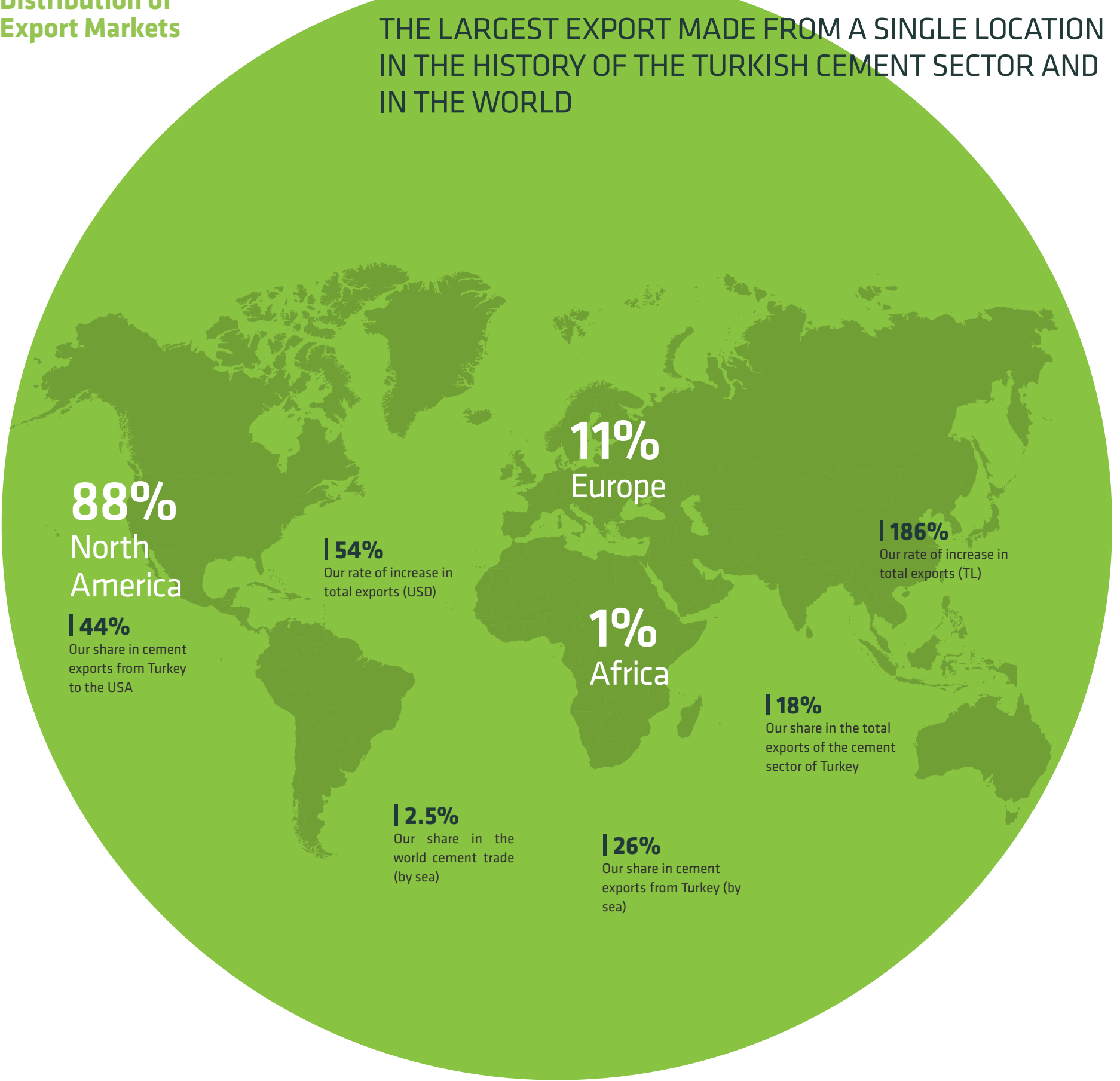
Our Export (Thousand tons)



## Distribution of Export Markets

# 4,55 MILLION TONS OF CEMENT AND CLINKER

THE LARGEST EXPORT MADE FROM A SINGLE LOCATION IN THE HISTORY OF THE TURKISH CEMENT SECTOR AND IN THE WORLD







# DIGITAL TRANSFORMATION

## Our Goal

**Proses operasyonlarımızda dijital dönüşümü gerçekleştirmek**

## Realized 2022

**68%**

## Target 2023

**74%**

Our digital transformation journey within the scope of our business processes at Nuh Çimento started with equipping our company with IBM AS 400 computer systems in 1995. In 2000, we started using Enterprise Resource Planning (ERP) software. In our ongoing digitalization journey with the automation systems, database, quality management systems installed at various stages of production, the establishment of fiber substructures, the document management system, the opening of dealer and intranet portals, the existing infrastructure and systems have been updated in a certain order and as needed.

These investments have provided performance improvement throughout the company. Sales processes have started to take place in a more controlled and fast manner with the renewed automation systems, and customers can access their data online faster thanks to the Dealer Customer Portal. Thanks to the updates made to the technical infrastructure and software processes, support and effort costs have been reduced to a minimum.

## Our Digital Transformation Activities

Among the works we carried out during the reporting period are updates, reformation and renovation works. In 2022, we allocated an average budget of TL 9 million for virtualization, automation systems, end-user computers and application licensing investments and camera systems. All these efforts are continuing.

**Updates:** Scale Automation System,

System Room Control Systems, Document Management System, Personnel Attendance Control System, Occupational Health and Safety Application, Corporate Internet Sites, Fiber Infrastructure, Intranet Portal, Endpoint Security, Backup Application, are HelpDesk works

**Other Works:** Expansion of Online Meeting Usage, e-Document Application Improvements, Port Turnstile System, Lawn Dining Hall Turnstile System, PDKS Hardware Renewals, T.R Ministry of Health HEPP Code Integration, Firewall Hardware Upgrades, Backup Unit Hardware Upgrades, are preparations for DLP Application Commissioning

## Production Lines Automatic Operator System

The studies that we started with the commissioning of intelligent process control systems in the third production line in 2014 continued with the installation of a factory production and maintenance reporting tracking system in the same year. Drive modernization in 2015, PLC (Programmable Logic Controller) Programmable Controller and Scada (energy tracking) systems modernization in the following years, gas analysis systems, weighing systems and improvements in raw material analysis systems, new raw material analysis systems placed where crushers are located were important steps in the transformation.

With the intelligent process control systems commissioned in the first production line, condition surveillance systems commissioned in farin mills and cement mills, energy tracking systems, digitalization of shift reports, updating of automation network infrastructure and cyber security studies, our transformation journey continued without losing speed in our production processes.

## Our Works for the Period 2022

In 2022, we increased the usage rate of the Kiln 3 Expert system (Advanced Process Control System) and made progress in more efficient kiln operation. We have started the commissioning of the Kiln 2 Expert system and we aim to complete it in 2023.

OT cyber security studies have been brought to the purchasing stage. The

commissioning process will be completed in the first half of 2023. QCX Advance Quality Control System commissioning studies have been completed. The 3D modeling works to be carried out in the high goods and low goods stock hall areas are continuing and we aim to complete them in the first quarter of 2023.

The project related to the update (upgrade) operations of cement mills 1,2,3 and Tras mill Scada systems has been completed. The Çimento1 project was commissioned in 2022, the Çimento 2,3 and the Tras Mill will be commissioned in the first quarter of 2023.

In order to develop computers and other devices used in IT infrastructure in a way that causes minimal damage to the environment, studies were conducted on the e-document conversion service and the requirements of power supply used in the system room.

With e-document processes, less use of software and hardware assets was achieved.

With the trainings we have provided through Nuh Akademi, awareness about digital transformation has been raised among our employees. In this way, it was seen that there was an improvement in the performance criteria of the employees. In the coming period, we plan to create sustainable and recyclable systems within the framework of Information Technologies, to include more artificial intelligence in Internet of Things (IoT) systems and to provide support for cyber security activities.

## Digital Transformation and Risk Management

Our digital transformation efforts also provided advantages in the scope of risk management. We have turned the risk of inefficiency of outdated systems at the infrastructure and application layer into an opportunity with the update studies carried out.

Effect; Risk=Probability\*Confidentiality, Integrity, Accessibility values calculated with risk acceptance criteria, before and after taking action on risks, methods were defined, the possibility of turning the risk into an opportunity was evaluated. As a result of the entire evaluation, the

purpose/goal plan has been created and the process is being followed by the persons responsible.

## Data Security

Data classification is carried out at Nuh Çimento with the information classification policy and DLP software created within the framework of ISO / IEC 27001 audits, and the necessary actions are taken in this context. Compliance control requirements analyzed in ISO/ IEC 27001 ISMS, 6698 KVKK, 5651 Legal Log Management, E-Signature Law, Company Policy and Company Ethics Rules are followed by the Legal Department, Human Resources and process owners. The e-document processes, whose registration control criteria have been determined, ensure that the data is kept cryptologically secure.

## Gains Related to Production Efficiency

- Production continuity was ensured by preventing chronic failures that caused unit downtime and production losses.
- Thanks to digital reporting applications, accurate information and data were reached faster, reliably, functionally and completely. By improving the comparison and forecasting processes, more accurate calculation of production forecasts increased productivity.
- Thanks to the improved system infrastructure in order for users to access the appropriate data within the framework of access authorization matrices, tracking of performance criteria with Key Performance Indicators (KPI Key Performance Indicators) was provided.
- They have made positive contributions to the quality of the product.
- It provided the production units with the opportunity to observe some important parameters related to the factory from a single point.
- We have increased productivity by ensuring optimization in production with intelligent process control systems and minimizing errors that may occur due to the operator.

## Gains Related to Occupational Health and Safety

- Reducing the frequency of continuous failures from the past, developing a more effective tracking system and reducing possible hazards through predictive maintenance on employees the breakdown

pressure has also decreased. This also led to a decrease in the number of occupational accidents.

- It was made easier to send the training records provided to the personnel to the Ministry of Labor and Social Security system.

- Electronic prescription application has started in Workplace Medicine modules.

## Environmental Gains

- With intelligent process control systems, the amount of coal and natural gas consumed has been optimized by reducing and the energy consumption per unit of production has been reduced.
- With the virtualization studies carried out, the number of physical servers was reduced and a positive increase in energy efficiency was achieved.
- We carry out the disposal and recycling of IT equipment in accordance with environmental regulations.

## Kaptan Project

The first milestone of the Kaptan Project, which is the intellectual capital of our company and provides fast decision-making based on quality and production parameters that have been collected with great care for many years and looking forward, is the Dayanımcı Project, which we launched in May 2018 and serves to find the strength (quality information) in advance of 28 days. The naming rights of the project, whose Excel version was registered in July 2019, were protected by Nuh Çimento. In addition to the time investment spent on developing the algorithm for the Kaptan Project, which we officially started in December 2019 by our General Manager, we continue to invest in other digitalization issues.

## The Targeted Gains of the Project Effects on Product Quality

This digital transformation project will help to keep the natural fluctuation in product quality in a narrower band. The quality will increase because there will be less deviation from the target. Since there will be less deviation from the target in a positive direction, a decrease in production cost will also be achieved. It will be possible to measure this effect through the reduction in standard deviation when the project is used daily.

## Effects on Energy Efficiency

With the transition to regular use, energy can be saved by reducing the specific surface area values in the band of 100-300 points in accordance with the target.

## Effects on Emissions

Simulation feature will also be added to the project and accordingly, the course of the basic indicators of production and quality will be simulated according to the input data. The simulation will be used for emission values, for example, possible values can be seen in advance using the method of comparing similar days.

## Future Plans

- Using the software for finding optimal points or training exercises by adding an application feature to the Kaptan.
- Making Kaptan available on different platforms as an application
- Also improving the data used by Kaptan for retrospective consistency and health screening. Improving the quality of the data pool.
- Examining the specific energy usage parameters as well as the quality and production parameters.



*We plan to complete the Kaptan Project by 29.10.2023.*

01. MESSAGE TO OUR STAKEHOLDERS

02. OUR CORPORATE PROFILE

03. NUH ÇİMENTO WITH NUMBERS

04. STRATEGY AND MANAGEMENT

05. SUSTAINABILITY MANAGEMENT

06. OUR ECONOMIC PERFORMANCE

07. OUR SOCIAL PERFORMANCE

08. OUR ENVIRONMENTAL PERFORMANCE

09. ANNEXES



## OUR SOCIAL PERFORMANCE

The most important elements of our social performance at Nuh Çimento are the health and safety of our employees, their development and the long-term employment of talented employees. While our accident frequency rate decreased by 39 percent in 2022 compared to the previous year, we continued to support the development of our employees with the Nuh Akademi platform.

As a result of the efforts of our Human Resources Department, we have won the Great Place To Work Turkey's Best Employers 2022 award, as well as the Great Place To Work Certified Production's Best Employers 2022 Second Place and 'Best Millennials Turkey's Best Great Workplace For Millennial Employees' awards.







# OCCUPATIONAL HEALTH AND SAFETY

## Our Goal

### Reducing the frequency of occupational

## Occurred 2022

5

## Target 2023

0

As Nuh Çimento, we operate in a sector where the risks of occupational accidents are high. Our most important responsibility and priority in all our clinker cement production activities is to protect the health of our employees and ensure their safety. Because about 60 percent of the blue-collar field team of about 200 in our facilities are working in closed areas, hot jobs, high-altitude and excavation works.

Our policy, which guides our company in Occupational Health and Safety (OSH) management, is our OSH Policy, which we have prepared within the scope of integrated management systems and which has been approved by our General Manager. With the TS-45001 Occupational Health and Safety Management System, our goal is to work towards infrastructure, certification and applications that are accepted in the world, to maintain our employees to internalize and say, "The Safety of My Job Starts with Me!" And to achieve our goal of zero accidents by eliminating unsafe situations in the business environment.

There is a formal Work Permit Control System in our fields related to specific jobs identified as potentially hazardous in terms of occupational health, safety and process safety. We carry out practices aimed at ensuring communication and mutual understanding between the personnel who will work (company and/or contractor personnel) and the factory personnel responsible for the execution of the work regarding the hazards that may arise and the necessary measures to be taken.

During the reporting period, there were no accidents resulting in death at our facilities and no occupational diseases were detected. We have reduced our accident frequency rate from 5.29 percent to 3.24 percent.

## OHS Committees

One of the most important parts of the TS-45001 management system is employee participation. All employees feel that they are a part of job security by reporting dangerous situations on the field with the system established to report any nonconformities they see. We also inform them of the actions taken and follow them up. By taking part in committees such as Emergency Committees, Risk Analysis Teams, OHS Coaches, employees can communicate their thoughts and suggestions to senior management without hierarchy limits and take an active role in decision-making processes. The procedures containing our understanding of security have been prepared with the participation of employees involved in production, maintenance, and all field activities.

The agreements we have made with the trade unions also cover OSH issues such as the use of personal protective equipment and not working in case of risk. We carry out our performance evaluations through external audits and comparison studies with the Cement Industry Employers' Association (CEI).

## OHS Risk Management

Both within the scope of the TS-45001 Management system and in accordance with the Occupational Health and Safety Law No. 6331, we determine routine and non-routine risks in detail in accordance with the Risk Assessment Procedure with a team consisting of employees at various levels up to employees, representatives and unit supervisors who have received training. According to the risk prevention hierarchy, we review all measures, respectively, from eliminating the risk at the source, choosing the less risky one, engineering measures and the use of personal protectors. We are constantly improving the system with the information received from incidents such as accidents and near-misses, risk notifications and audits.

Minimizing OHS risks is of critical importance for organizations. Psychosocial risks are increasingly considered to be major challenges to health, safety and well-being at work. Psychosocial risks also have economic costs to organizations and society. While problems related to psychosocial risks highlight issues such as absenteeism and an increase in personnel changes in terms of workplaces, decrease in motivation in employees, a decrease in

job satisfaction, a decrease in creativity, an increase in quitting rates occur as results. It is seen that work-related stress, which develops on the basis of psychosocial risks, and insufficient psychosocial risk management increase the risk of occupational accidents. The main goals of a good prevention design and an effective psychosocial risk management are to create safe working systems/environments and to ensure appropriate communication and behavior at work. For this reason, we attach importance to Psychological Health and Safety Awareness trainings.

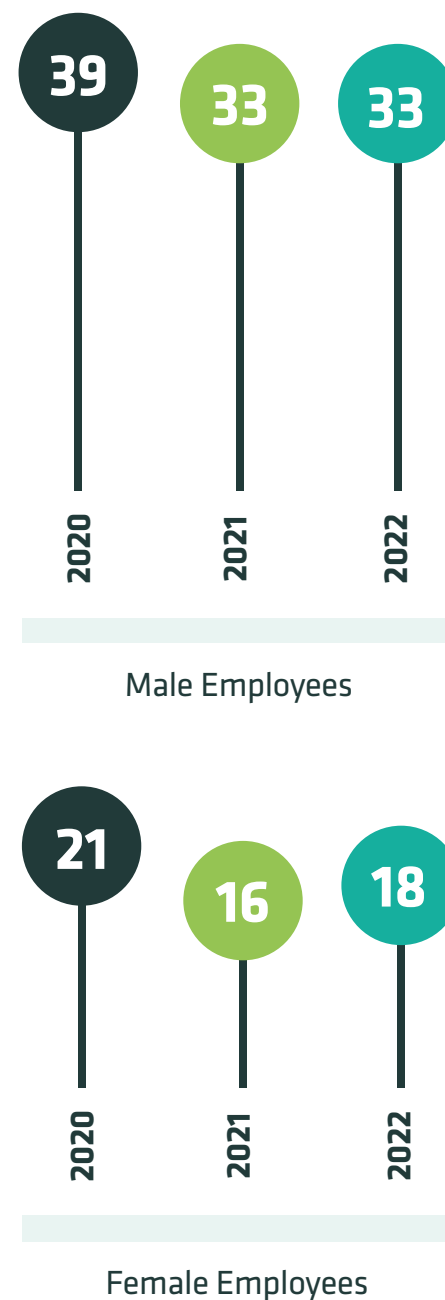
## Occupational Health and Safety Trainings

The main way to protect our employees is to raise their awareness. We provide compulsory OHS trainings with high-tech facilities in practice at the training center of the Cement Industry Employers' Association CEIS. We offer training to our employees in many topics, especially indoor working, Lock and Secure with a Label Try (EKED), accident research, emergency trainings and employee representative trainings. We monitor the effectiveness of the trainings with measurements. On-the-job conversations and tea chats are other trainings that we give about continuous awareness raising and reminding.

## 2022 Our OHS Training Activities

In 2022, we started training with the goal of emphasizing the importance of teamwork, strengthening cooperation and loyalty in the team, adding individual strengths to the success of the team, increasing individual and team motivation, making people see their own importance, abilities and competencies, predicting the likelihood of potential vulnerabilities creating risks, and achieving a group performance higher than the sum of individual performance by creating team synergy. We gave our 16-hour compulsory OHS trainings through the OHS Online Training System, which we implemented in 2021 with its renewed content in 2022.

## Occupational Health and Safety Trainings (Employee/Hour)



## Occupational Health Services

The house of the occupational health function is the department of workplace medicine. They have responsibilities in risk analyses and work plans, instructions and procedures of the system. By conducting accident investigation and periodic examinations upon return to work after an accident, it constantly monitors the physical fitness of employees. Our health unit offers 24/7 service. Emergency also fulfills an important task of the system in first aid issues.

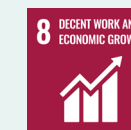
## OHS Engineers Project

At Nuh Çimento, in cooperation with Cement Industry Employers' Union ÇEIS, we had some efforts for occupational health and safety engineer groups;

- To be able to understand the root causes of accidents/incidents and to proactively develop analytical solutions for the root causes,
- To ensure that they can consolidate their practices and contributions in working life with activities and practices in the field of OHS, and
- For them to acquire the achievements of being a leader and future manager in the field of OHS, we have prepared a special training program.

## Results and Achievements

As a result of transferring OHS applications to the field from the engineer's point of view, there was a significant reduction in occupational accidents. Lost days and equipment losses due to work accidents have also decreased.



## ÇEIS Occupational Health and Safety Leadership Program (ÇEISLIP)

As Nuh Çimento, we have implemented the ÇEIS OHS Leadership Program (ÇEISLIP) in 2020 in order to improve the competence of middle-level managers in the field of OHS and ensure their more active participation in OHS-related processes. This program continues for our newly joined engineers and other managers.

ÇEIS Occupational Health and Safety Leadership Program (ÇEISLIP) is a development program based on Turkish dynamics, production habits and specific solution models, taking into account local and international references. The program was prepared in order to improve the managerial and technical skills in the field of occupational health and safety of technicians, engineers, chefs and managers and OHS professionals at all levels, who act as a bridge between blue collar employees and senior management, regardless of the department and position they work.

The program consists of four main parts: Module 1 - Introduction to Safe Management (4 days) Module 2 - Management of High-Risk Jobs (4 days) Module 3 - How should OHS Management Be (4 days) Module 4 - Program Completion Project

In the first module of the program, the elements of safe management are conveyed and the measurement of OHS leadership and OHS performance and the reasons why employees behave in an unsafe manner are focused on. In the second module of the program, attention is paid especially to technical issues, focusing on how risks can be managed and the principles of the work permit system. In the third module of the program, subcontractor and contractor management, PPE (Personal Protective Equipment) selection, incident root cause analysis, OSH audit and feedback issues are explained. The fourth module of the program consists of a Finishing Project. The Program Completion Project is a study in which participants are expected to develop solutions to a problem they encounter related to OHS at work with the coaching / support of an OHS professional at work, taking into account the knowledge and skills they have acquired in the trainings they have received in the program.

01. MESSAGE TO OUR STAKEHOLDERS

02. OUR CORPORATE PROFILE

03. NUH ÇİMENTO WITH NUMBERS

04. STRATEGY AND MANAGEMENT

05. SUSTAINABILITY MANAGEMENT

06. OUR ECONOMIC PERFORMANCE

07. OUR SOCIAL PERFORMANCE

08. OUR ENVIRONMENTAL PERFORMANCE

09. ANNEXES



# DISASTER PREPAREDNESS AND RESPONSE

**Our Goal**  
**Conducting regular disaster drills every year**

Realized 2022

1

Target 2023

1

Our actions and preparations related to fire, explosion, spread of dangerous chemicals, poisoning, epidemic disease, radioactive leakage, sabotage and natural disaster (earthquake, flood, storm, flood, lightning strike) at Nuh Çimento are available in our Emergency Action Plans under the titles of Protection Plan against Sabotage, Civil Defense Plan, Emergency Plan, Protection and Security Plan, LTGP (Port Facility Security Plan). We have updated our Protection and Security Plan in 2018, our Civil Defense Plan in 2021 and our other plans in 2022.

Within the scope of Port Facility Security Plan at least once a year and with all units' participation and in cooperation with the Port President and the Coast Guard; we conduct practical emergency evacuation, assembly, fire extinguishing exercises, train emergency crews, process evacuation, search and rescue, flare, explosion, fire and fire protection and earthquake issues in occupational health and safety renewal trainings, conduct lightning rod periodic inspections that must be done annually against lightning, perform periodic control and maintenance of fire extinguisher systems and regularly drain loopholes against floods.

In our Emergency Plan, the principles of communication in emergency situations are described and emergency teams contact information is included. General law enforcement and factory emergency units contact numbers are available in our plans.

## We are Ready to Meet the Need for Water in Case of Possible Disasters!

Nuh Çimento facilities are surrounded by forests. In case of fire, the company's construction machinery and water tankers will be able to be put into operation quickly for situations where fire irrigation systems will not be sufficient.

According to DSI data, annual per capita water amount in Turkey is 1,346 m3. Our

reverse osmosis facility, which has a capacity of 3,650,000 m3/year, has the capacity to produce clean water that will be used by approximately 2,500 people annually.

There are social advantages of having a facility of this size in the region. A natural disaster that will occur around our facility located in the earthquake zone, etc. in case of need, we have the opportunity to supply a significant amount of drinking and drinking water to the region thanks to the full capacity operation of our facility.



# EMPLOYMENT

**Our Goal**  
**Preventing the employee turnover rate from rising**

Realized 2022

7%

Target 2023

Max 7%

All of our employees are serving full-time. The number of our employees covered by collective bargaining agreements constitutes 67 percent of our total employees. In this context, we do not have activities in which the collective bargaining rights of employees have been determined to be at risk. There are no employees working at or below the minimum wage in our company. Our employees work at different wages according to the groups specified in the collective agreement.

At Nuh Çimento, where we have adopted a lean and modern organizational management style, we select a talent that has the creativity to achieve our goal and is suitable for the job with completely transparent and objective evaluation criteria. We adopt the training and development of each of our employees as a basic management responsibility. Our basic principle is to evaluate the performance plans of our employees and to ensure equality of opportunity and justice in horizontal and vertical assignments.

We adopt new working methods by adapting to the digitalizing world with our vision that attaches importance to the candidate and employee experience. We aim to create a pioneering corporate culture in diversity and inclusion by offering equal opportunities to each of our employees. In our company, where talent and success are rewarded, we offer a career journey that supports the professional and personal development of our employees and is also full of opportunities.

## Employee Loyalty

At Nuh Çimento Group, we act with the awareness that the main condition for ensuring employee loyalty, which is the key to sustainable success, is to engage with and understand our employees. While ensuring this loyalty as the Human Resources Directorate, we adopt the principles of inclusiveness, diversity, equity and

transparency on issues such as social class, age group, gender, disability status in recruitment and human resources policies.

Nuh Çimento Group follows a transparent and sensitive way to share the common goals of the company and to make the mission and vision definitions understandable by all employees. In the organizational structure where all employees are based on seeing and feeling the contribution they make to the common goals of the company; we conduct research and reporting in order to measure employee loyalty, and together we implement systems in which employees are directly involved in order to take the necessary actions.

Within the scope of employee engagement in 2022, we took the necessary actions by conducting internal surveys in the studies we conducted with our employees. These surveys cover topics such as common areas of use within the company, services received in-house and projects planned to be realized. By keeping the interaction with employees high within the agile organizational structure, we have achieved development in many areas together.

We have led the change by implementing innovative practices in terms of including new talents in the company and increasing existing competencies. All our works that adapt to the current systems have played a major role in increasing employee loyalty. We have brought innovative solutions to the relevant areas by evaluating every suggestion received from our employees that will contribute to employee motivation.

We have integrated innovative applications in digital systems into existing systems by implementing them. Thanks to this, we also ensured an increase in mobility and activated 24/7 platform access.

## We Have Included All Our Employees in the Health Insurance Coverage

At Nuh Çimento Group, we have included our field employees in the complementary health insurance coverage in 2022. In line with the demands of our employees, we have offered complementary health insurance to all of our field employees in our group companies.

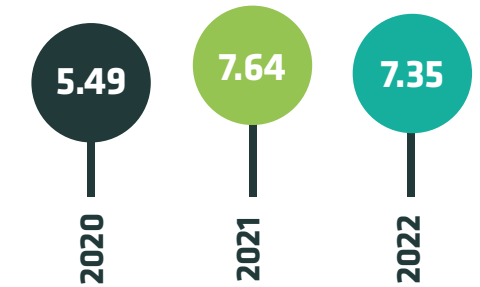
## Targets

While carrying out active efforts in the social field in 2022, we also supported employment by increasing the number of group employees. We also aim to increase the number of female office staff for the year 2023. We offer post-employment

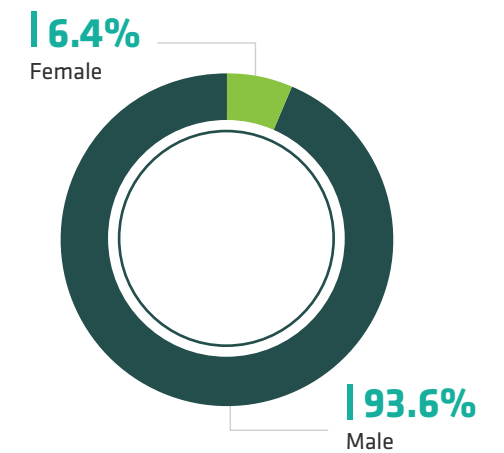
competency training and personal training options to our employees, supporting them to explore new areas in their career journeys.

We contribute to increasing interaction by strengthening employee loyalty in the activities we perform in the social facilities and social areas located within our company. We aim to increase social awareness and strengthen team spirit with our events and workshops that we plan to hold in the new event area in 2023. In event planning, we take suggestions from our employees through a survey and create content in accordance with their requests.

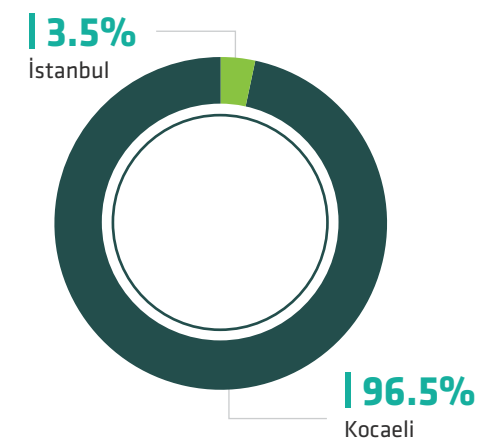
## Employee Turnover (%)



## Our Employees by Gender



## Our Employees by Location



- 01. MESSAGE TO OUR STAKEHOLDERS
- 02. OUR CORPORATE PROFILE
- 03. NUH ÇİMENTO WITH NUMBERS
- 04. STRATEGY AND MANAGEMENT
- 05. SUSTAINABILITY MANAGEMENT
- 06. OUR ECONOMIC PERFORMANCE
- 07. OUR SOCIAL PERFORMANCE
- 08. OUR ENVIRONMENTAL PERFORMANCE
- 09. ANNEXES





## Holistic Well-Being

As Nuh Çimento Group, we continue to attach importance to the holistic health of all our employees during this period when the effects of the pandemic are gradually decreasing, but infectious diseases are diversifying. With the development opportunities we offer to our employees in different fields, we have provided them with support both in their career journeys and in their personal development.

We continued to implement the Healthy Living Ambassadors Project in a way that all our employees can benefit from in 2022. We aimed to ensure and protect the holistic well-being of our employees in the project, which consists of Eating Healthy, Staying Healthy, Post-Covid-19 Check-Up and Health at Work applications.

The physical, mental and spiritual health of our employees continued to be our most important priority. We have also presented the Eating Healthy, Staying Healthy project (Sağlıklı Beslen Sağlıkla Kal), which we have created with the aim of getting better and living better together, to our employees in 2022.

In the Post-Covid-19 Check-Up Program, which is our other application within the scope of the project, all our employees in our group companies received support. In cases deemed necessary by our workplace physician, additional examinations were applied to our employees. Our employees also benefited from our latest application, the Health at Work, Inspection at Field (Sahada Tetkik, İş'te Sağlık) Program. Our employees participated at a high rate in all the applications within the scope of our Wellness Ambassadors Project, which aims to maintain internal well-being and fitness.



# TRAINING AND DEVELOPMENT

## Our Goal

**Increasing the training time provided per employee**

## Realized 2022

**44 Hours**

## Target 2023

**Minimum 40 Hours**

As Nuh Çimento Group, we plan our training and development activities in accordance with the alignment of corporate values, functional competencies and managerial competencies. In this context, we have carried out many activities based on learning and development, such as seminars, conferences, workshops, sector-specific trainings and technical trainings, in order to contribute to the professional and personal development of our employees, support them to do their jobs more efficiently and increase their commitment.

## Nuh Akademi

As Nuh Çimento Group, we attach importance to supporting the training and development activities of our employees as a necessity to always be one step ahead with our achievements and to maintain our leadership in the sector. We introduced Nuh Akademi, which we have established for the continuity of this development and designed to cover all employees of the Nuh Çimento Group.

With Nuh Akademi, we aim to support every employee to be the best in their fields by bringing them together with training and development programs that will feed their competencies and expertise in business fields, and . While nurturing a dynamic organizational culture that encourages, learns and shares Nuh Akademi's power from the Internal Trainer System, the internal trainers aim to add value to our institution and our sector. We aim for all our employees to achieve greater success under the roof of Nuh Akademi under the leadership and the mottoes of "Efficiency in Business, Performance in Business and Leadership in Business"







## Technical Competencies

In order to improve the technical and professional skills of our employees, we have implemented the Competence Model Project in 2022. In order to create an ideal profile within the scope of this project, we have considered the competence model in two contexts. First of all, we determined the priority behavioral competencies by taking the opinions of our leaders on behavioral competencies. In the technical competence section; We have determined the technical competence areas and actions together with the opinions we have received from our managers by examining the current job descriptions.

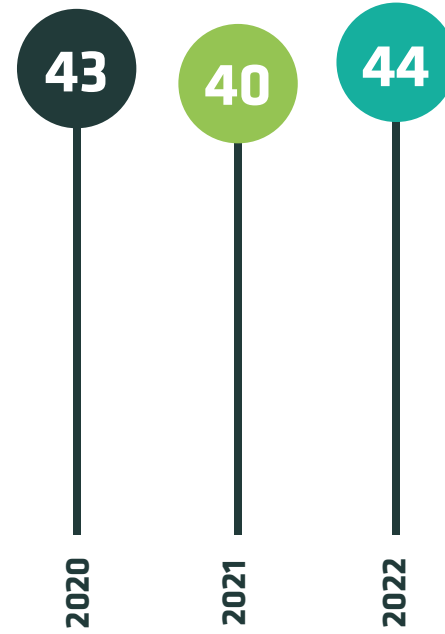
With this project, we aimed to create both the correct competency screening in the recruitment criteria and the input to the processes of career planning and determining the training needs. One of the new dynamics of today is to take quick actions in the field of technical competencies. In this process, we have provided opportunities to increase the technical competencies of all our employees and ensured the formation of expert staff in their field. In the sustainable education system, we aimed to train qualified employees with the equipment needed by the cement sector by working on up-to-date education systems, and to contribute to the learning and development of employees.

We aim to support our corporate culture and valuable knowledge based on years in moving the cement sector and our company forward by developing Nuh Çimento Group's technical training within itself. We organize our trainings as professional qualification programs, separate contents for office staff and field staff.

### MBA

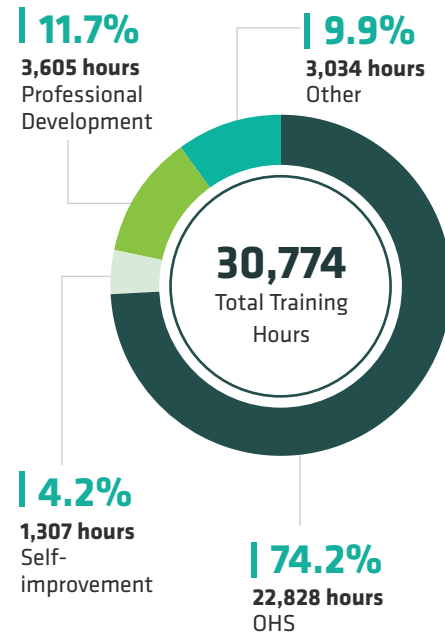
We have contributed to the development of our employees with the Cement Sector MBA Program, which was designed specifically for the sector, and was implemented this year in cooperation with ÇEİS, TÜRKÇİMENTO and MEF University. Cement Sector MBA Program content and course curriculum, unlike other master's and MBA programs, have been designed in accordance with the requirements for the future of our industry and in order to improve the competencies of our participating managers and executive candidates in this direction. As Nuh Çimento Group, we aimed to shed light on their career development by ensuring the participation of three of our employees in the program. The MBA program, which industry leaders also participated as guest speakers within the scope of the program, will have its first graduates by June 2023.

## Average Training Hours\*



\*All Employees

### All Trainings 2022

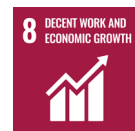


## Personal and Corporate Trainings

We also organize in-house and out-of-house trainings in order to improve the behavioral competencies of our employees and thus contribute to their career development. Among the behavioral-based trainings we organized this year; effective communication, feedback, leadership, empathy and process management trainings that will add value to our employees in the fields of cooperation, team management and problem solving were included. Together with our functional trainings aimed at the professional development of our employees during the year, we have also carried out collaborations with various universities and leading training companies in the field for our personal development training programs.

### Engineering Education Program at Work

Every year, the top 10 most successful students in engineering branches are included in the Engineering Education at Work Program initiated by Kocaeli University. In the program in which Nuh Çimento includes two students, the manager of the facility where the student works in the second semester of the fourth year completes the student's education and has the right to give the semester grade taking into account the study performance. In 2022, we employed a student who participated in the program at Nuh Çimento in the sustainability department of our company after graduation.



- 01. MESSAGE TO OUR STAKEHOLDERS
- 02. OUR CORPORATE PROFILE
- 03. NUH ÇİMENTO WITH NUMBERS
- 04. STRATEGY AND MANAGEMENT
- 05. SUSTAINABILITY MANAGEMENT
- 06. OUR ECONOMIC PERFORMANCE
- 07. OUR SOCIAL PERFORMANCE
- 08. OUR ENVIRONMENTAL PERFORMANCE
- 09. ANNEXES



## OUR ENVIRONMENTAL PERFORMANCE

Ensuring environmental sustainability is the basic element of our daily activities and decisions at Nuh Çimento. Although our priority is compliance with environmental legislation, energy efficiency and recovery, in addition to alternative raw materials and fuel use, water, waste and biodiversity management are issues of strategic importance for our company.

As Nuh Çimento, in 2022, within the scope of Kocaeli Chamber of Industry 28th Şehabettin Bilgisu Environment Awards, in addition to the "Large-Scale Sectoral Environment Award", the "Sustainability Awareness Honor Award" we won, at the Economist Anadolu 500 Awards and the "Awareness Raising Institution Award" at the Tulip Environment Awards.







## Our Investments

At Nuh Çimento, we manage all our environmental priorities within the scope of our ISO 14001 Environmental Management System and Policy, and the relevant legislation. In 2022, the budget we allocated to the operating expenses of environmental activities and other environmental protection investments was TL 37.2 million. While our total environmental expenditures increased by about two times compared to last year, the largest share in these investments was taken by expenditures for emission reduction efforts with 50 percent.

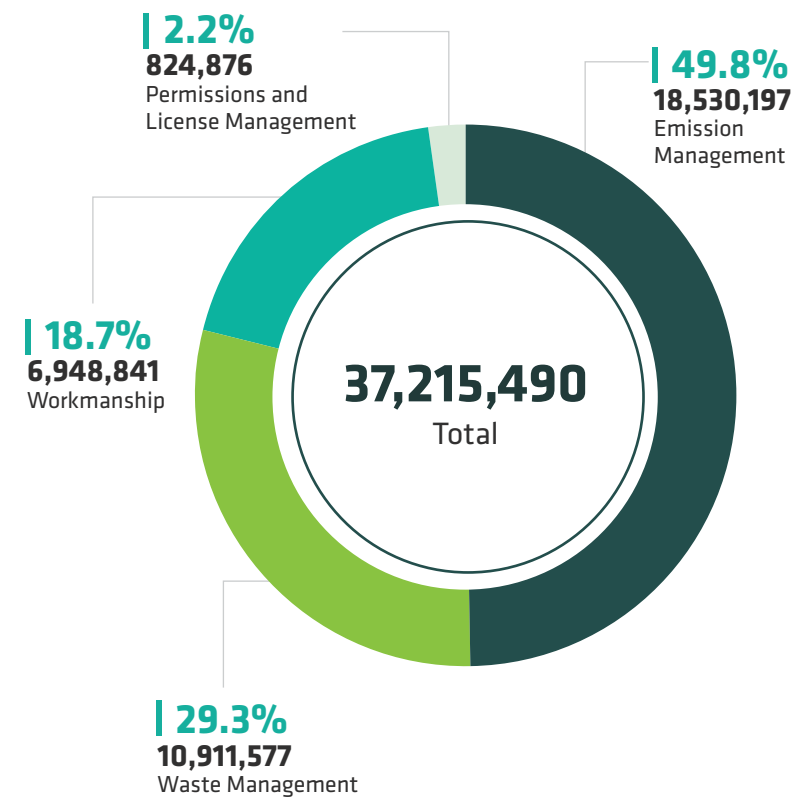
## Environmental Compliance

There are no penalties incurred as a result of non-compliance with environmental laws and regulations during the reporting period.

## Site Inspection Reports on Environmental Impacts

We continued to monitor our environmental impacts caused by our activities in 2022. 63 Field inspections related to the detection and management of environmental impacts were carried out in the units located throughout our factory, and we completed our actions related to the reported improvement areas during the reporting period.

## Our Environmental Expenditures (TL)



## We Continued our Investments to Fight Climate Change in 2022 as well!

### Our Energy-Focused Investments that We Started in 2022

- 1-Alternative fuel combustion system
- 2-Conversion of rock trucks to electric

### Energy-Oriented Investments that We are Planning in 2023

- 1-Alternative fuel preparation and feeding system
- 2- Two WPP (Wind Power Plant) investment



# CLIMATE CHANGE AND ENERGY MANAGEMENT

## Our Goal

**Reducing the amount of greenhouse gases generated by production**

Realized 2022

**864 kg**

Target 2023

**Max 860 kg**

At Nuh Çimento, we are turning to lower carbon-producing energy sources with the goal of combating climate change, cleaner air and a cleaner environment. In 2022, we provided 28.4 percent of the electrical energy we used from renewable energy sources.

## Greenhouse Gas Sources in Cement

Decreasing the greenhouse gas emissions that occur in every activity in the cement sector, starting from the kilns to packaging and transportation of products, is among our environmental goals. 50 percent of the greenhouse gases released during production are due to decarbonization (cooking) of raw materials, 40 percent are due to burning fossil fuels, and 10 percent are due to electricity consumption and transportation.

As Nuh Çimento, we started to do studies by setting greenhouse gas reduction targets at a time when even the country's strategies for reducing greenhouse gases and their effects had not yet been finalized.

The most important of these studies are;

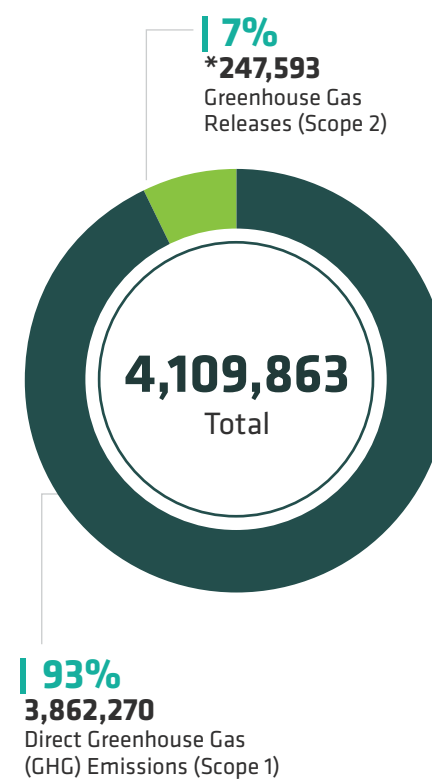
- Production of products with low clinker content
- Production and use of renewable energy by Waste Heat Recovery (WHR) Plant and Hydroelectric Power Plant (HEPP)
- It is the reduction of specific energy through efficiency projects.

## Greenhouse Gas Monitoring and Verification

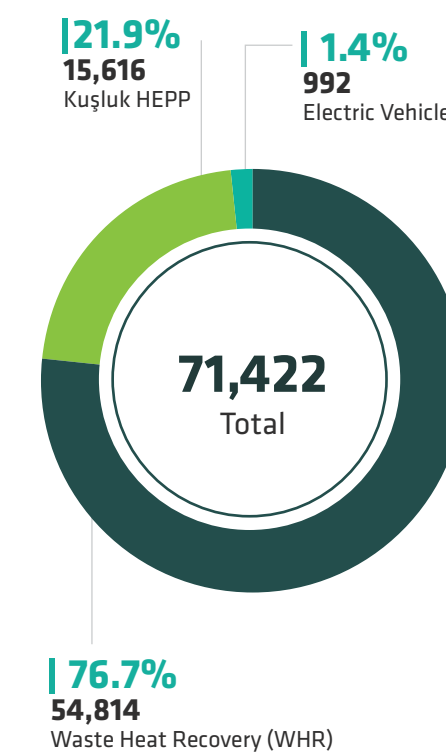
We calculate our emissions according to the Regulations on the Monitoring of Greenhouse Gas Emissions and Communiqués on the Monitoring and Reporting of Greenhouse Gas Emissions. The data of the three main process chimneys in our factory are continuously monitored and controlled by the legal authority with the continuous measurement system connected online to the Ministry of Environment, Urbanization and Climate Change. These chimneys are European standards of 50 mg/Nm<sup>3</sup> and work well below the upper limit value 3-17 mg/Nm<sup>3</sup>, with average emissions. Our data on chimney emissions are in our report, under the title [Tables of Performance Indicators](#)

In addition to all fuel and raw material carbon analyses at Nuh Çimento, the emission coefficient analyses of fuels are performed by accredited organizations such as the Turkish Cement Industrialists' Association (TCMB) R&D Laboratory. Scale data and emission calculations are also verified by accredited organizations.

## Our Greenhouse Gas Emissions from Our Activities (tCO<sub>2</sub>e)



## Our Greenhouse Gas Reduction from Our Activities (tCO<sub>2</sub>e)



\*Instead of the electricity carbon coefficient of 0.535 used in previous years, the coefficient of 0.447 published by the Ministry of Energy has been started to be used. Therefore, there has been a decline.

- 01. MESSAGE TO OUR STAKEHOLDERS
- 02. OUR CORPORATE PROFILE
- 03. NUH ÇİMENTO WITH NUMBERS
- 04. STRATEGY AND MANAGEMENT
- 05. SUSTAINABILITY MANAGEMENT
- 06. OUR ECONOMIC PERFORMANCE
- 07. OUR SOCIAL PERFORMANCE
- 08. OUR ENVIRONMENTAL PERFORMANCE
- 09. ANNEXES





## Our Performance in Reducing Our Carbon Footprint with Environment-Friendly Products

Nuh Çimento is a company with a high environmental sensitivity that carries out its activities in line with carbon reduction targets in accordance with the sustainability strategy and adopts the zero waste target in addition.

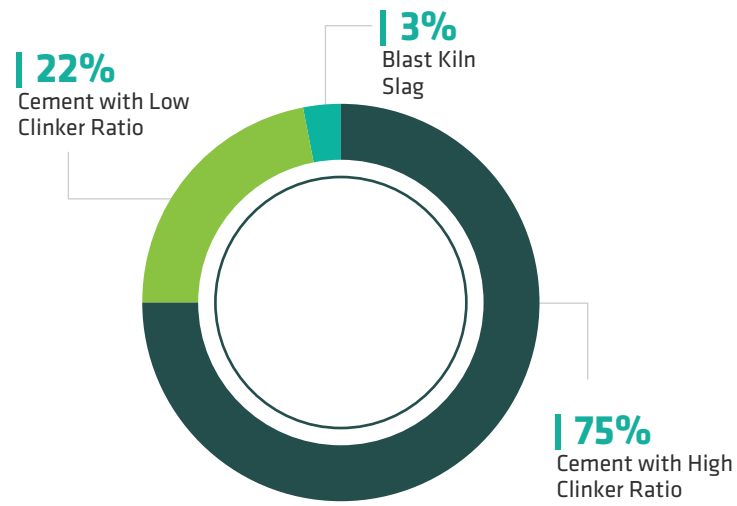
Greenhouse gases take the largest share of the emissions generated in cement production. as a result of our R&D and product development studies, which started in 2018 and continued in 2019, we have developed environmentally friendly products with a low carbon footprint and higher strength as a result of containing less clinker.

We have completed the research and feasibility studies for the use of the chemical CaF<sub>2</sub> (calcium fluoride), which is briefly defined as a mineralizer, which reduces the heat energy required for the clinkerization reactions in the rotary kilns, which is the main source of greenhouse gas CO<sub>2</sub> emission in the cement industry, and we started the sale of our low carbon footprint products. In 2022, we saved a total of 265,213 tons of clinker with our sales of doped cement and milled blast kiln slag in the domestic and foreign markets and reduced our carbon footprint by 229,144 tons. 40 Percent of this footprint reduction took place in the domestic market.

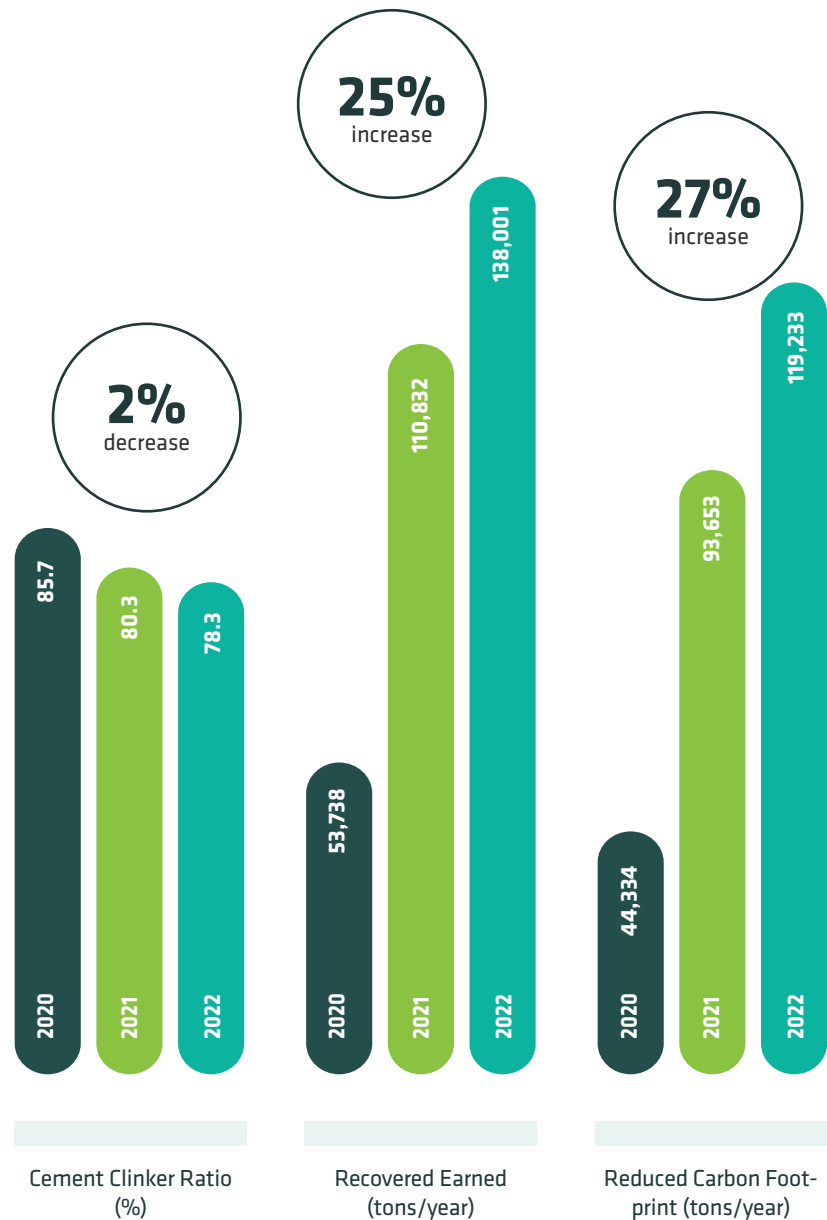
In 2022, we reduced our carbon footprint by 119,233 tons thanks to 138,001 tons of clinker savings, by increasing the amount of cement with additives and reducing our cement clinker ratio by two percent in our domestic market sales, where we manage our product sales preferences more effectively compared to the foreign markets where we make contract manufacturing.



## Share of Total Production



## Turkey Sales Carbon Footprint Reduction Performance

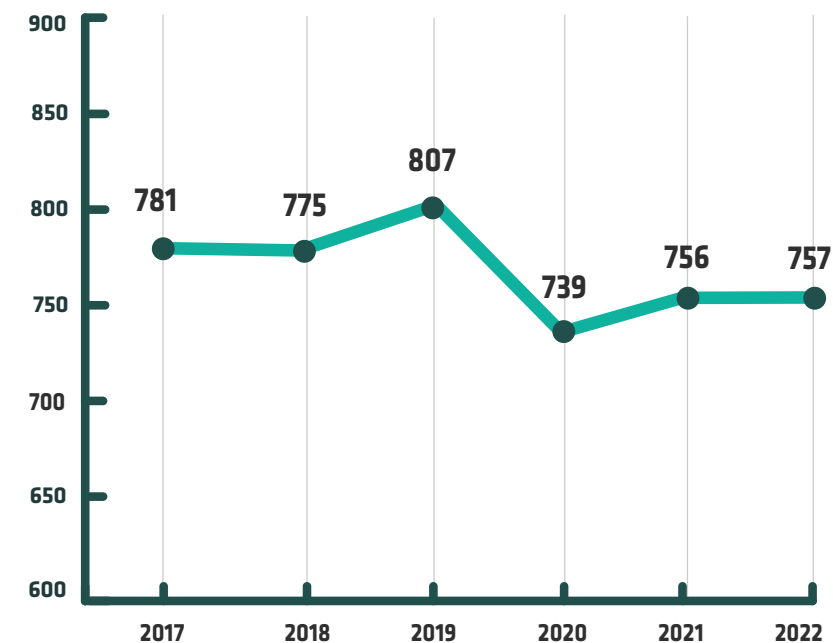


## Greenhouse Gas Generated Per Product We Produce (kg CO<sub>2</sub>/ton)

We continue our measurement and monitoring studies, which are the most important step of carbon reduction studies, in our entire product range. The greenhouse gas generated per ton of product we produce kg CO<sub>2</sub>/ton is in the graph below.



## kg CO<sub>2</sub>/ton Cementitious Product



## Emission Reduction with Blended Cement

40% Domestic Market Sales



60% Export Sales





### Energy Management

As Nuh Çimento, we operate in an energy-intensive sector and in a country that is more than 70 percent dependent on external sources for meeting energy needs. Energy, as the largest cost item of the cement sector, represents about 60 percent of operating costs. It takes about 110 kWh of electricity and 3-4 GJ of fuel energy to produce one ton of cement. Using energy by giving priority to efficient and environmentally friendly sources without compromising cement/clinker production quality, production quantity and, most importantly, occupational safety is one of the environmental responsibilities of our company.

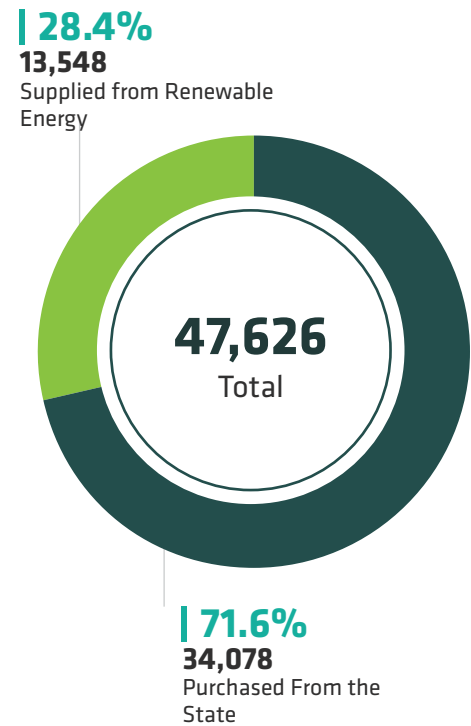
Our goals within the scope of our Energy Management System Policy are;

- Ensuring compliance with the relevant laws,
- Monitoring and reducing energy consumption,
- Improving energy efficiency,
- Reducing greenhouse gas emissions and
- Raising awareness of energy among our employees

### Energy Density



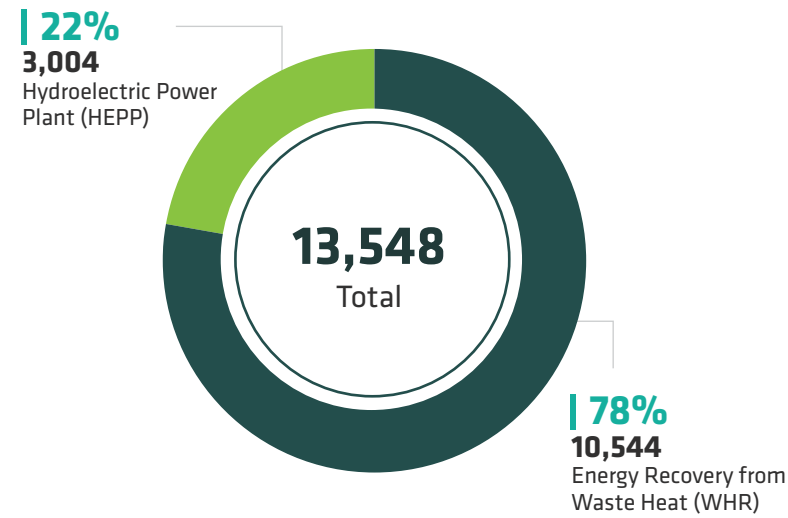
### Electricity Consumption (TEP)



### Renewable Energy Production Information (WHR Facility and HEPP)

Electricity (kWh)	157,561,650
The Cost of Electricity That is Not Purchased (TL Savings)	315,123,300
The Amount of Greenhouse Gases Prevented (ton CO <sub>2</sub> e)	70,430

### Distribution of Our Renewable Energy Sources (TEP)



### SP Boilers Dust Cleaning System Replacement Project

When we examined the annual maintenance amounts of the existing dust cleaning system, which is a mechanical system, the changing number of parts, the working time and efficiency of the equipment used, we decided to switch to a pneumatic air quenching system.

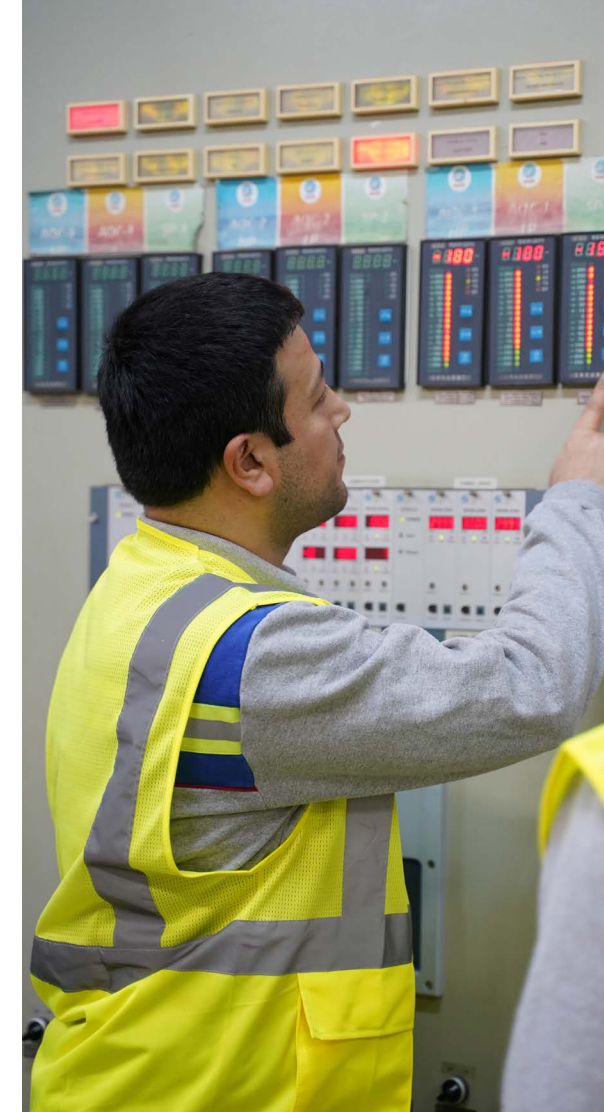
The aims of starting this project are; to eliminate the time spent by the mechanical maintenance unit for these equipment, to increase the boiler efficiency, to prevent dust adhesion, to remove the material purchase for the mechanical hammer assembly used in the hammering system, to reduce the amount of air leakage into the system (between seven and ten percent) ) to keep it at five percent and below, to end the electricity consumption by removing the motors from use. We plan to complete the project, which will take about three months, in the first months of 2023.

electricity expenses for 8,000 working hours per year.

**Social Results and Achievements:** We anticipate that the hammers encountered in the controls in the boiler area will not have a crashing sound and a high decibel value, and there will be no workspace difficulties caused by the outdoor units of the hammers.



**Economic Results and Gains:** Since 24 electric motors will be disabled, we will save approximately TL 369,600/year



- 01. MESSAGE TO OUR STAKEHOLDERS
- 02. OUR CORPORATE PROFILE
- 03. NUH ÇİMENTO WITH NUMBERS
- 04. STRATEGY AND MANAGEMENT
- 05. SUSTAINABILITY MANAGEMENT
- 06. OUR ECONOMIC PERFORMANCE
- 07. OUR SOCIAL PERFORMANCE
- 08. OUR ENVIRONMENTAL PERFORMANCE
- 09. ANNEXES





## The Project of Converting Construction Machines Used in the Production of Raw Materials from Diesel to Electric Vehicles

Çim-Nak, a subsidiary of Nuh Çimento, supplies 20,000 tons of raw materials needed for cement production daily to the cement factory with raw material extraction, drilling and loading tools. Construction machinery working in raw material mines consumes more than two million liters of diesel fuel in a year. Diesel fuel is the most costly item in raw material mines, as well as an important CO2 emission source.

In addition to this environmental impact, with the aim of reducing fuel and maintenance costs, 10 excavators were converted to electric, five of them in the 2018-2020 period, four in 2021 and one in 2022, as a result of two years of engineering work. In 2022, there was a first in the quarry business with the conversion of the vehicle into an electric construction machine without dismantling the diesel engine. Conversion work continues in our workshop for 1 excavator, which is targeted to be converted by the end of 2023.

### Our goals in the electric vehicle transformation;

- Completely eliminating the consumption of diesel fuel in all construction machines working in raw material mines,
- Ensuring that the project pays for itself in a short time without any government incentive,
- Realizing the electrical transformation project without changing the mine operating habits that have been going on for years,
- Reducing fuel and maintenance costs and to protect the environment by reducing exhaust emissions by electrifying the power transmission units and engines of diesel-powered raw material extraction, drilling and loading vehicles.

### Work Efficiency

A possible loss of efficiency was the biggest concern among both the operators and the colleagues in the technical team. While the scrapping of a machine that cannot be operated because its performance and engine efficiency are too low is on the agenda, the new machine has achieved its performance with electric operation. There was no efficiency loss in the excavators converted to electric compared to diesel, the measured data are almost exactly

the same output Other construction machines, on the other hand, did not fall below the performance they showed when working with diesel fuel. They work very efficiently both in terms of loading speed and breakout power.

### Energy Efficiency

The most exciting result of this project was that the energy consumed and the resulting energy efficiency could be calculated. Previously, when loading one ton of raw materials (marn), we spent 0.175 liters of diesel fuel. (This data is the average of a year's consumption and represents an efficient business. 0.175 liters of diesel fuel contains about 1.70 kWh of energy.)

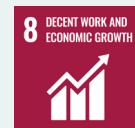
We measured that electrically powered construction machines consume 0.45 kWh electricity while loading one ton of marn. This figure also includes the mine lighting and the energy loss in the cables. From these data, it turned out that the diesel engine efficiency is only about 25 percent under mine operating conditions, while the electric machine works with 95 percent efficiency. In summary, we found that construction machinery powered by mains electricity consumes 3.8 times less energy than those powered by diesel fuel.

### Fuel Saving

The diesel fuel savings achieved since the implementation of the project have exceeded two million liters. The monthly savings are at the level of 74,000 liters. In addition to saving millions of pounds, the annual savings will amount to three million liters with the newly converted machines.

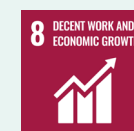
thanks to our 10 electric construction machines, instead of using 892 tons of diesel fuel in 2022, electricity consumption was 2,995 MWh.

The emission rates of vehicles decreased by 39 percent to 56 percent. In 2022, we prevented the release of 992 tons of CO2 into the atmosphere thanks to our electric vehicles. Our greenhouse gas reductions from electric vehicles still correspond to about 1.4 percent of our total reductions. In order to increase this rate, we will continue to work on the conversion of all construction machines working in the mine to electric in the coming period.



## E-Dump Truck Retrofit Project

In the project, which has been in the preparatory stage since 2020, we started engineering works as of January with the signing of a contract with the headquarters of ABB company in 2022. Within the scope of the project, we aim to prevent air pollution by zeroing carbon emissions from mobile transportation of raw materials by 2030, by converting all of the 8 Euclid and two Hitachi brand trucks, which are used as diesel in the mine sites, from diesel to battery electric. In line with this goal, our technical negotiations with ABB Turkey and the Global team are continuing, and we plan to complete the first prototype vehicle within the scope of the project by mid-2023 and become active in the field.



### Our goals in this project are;

- The electric, empty dump truck can complete the track from the unloading place to the loading place in the same time as the diesel version, and
- Provided that the electric, dump-filled truck can complete the track in the same time as the diesel version by using regenerative braking from the loading point to the unloading point,
- Completing the conversion of all rock trucks to electric and to achieve the zero carbon target at our mine site.

### Gains of the Project

Although it is a project that is closely followed both in our country and in international circles due to the fact that it is a study conducted for the first time in the world, it is of great importance for our country that the Turkish company is the host and leader of this project. As a result of the project we have initiated with this awareness and vision, our enterprise will have gained 10 battery powered rock trucks in line with the zero carbon target, in addition, the stakeholders we are conducting the project with and contributing to the project will be able to switch to mass production of tried and approved rock trucks and make a large profit and contribution to their companies.



01. MESSAGE TO OUR STAKEHOLDERS

02. OUR CORPORATE PROFILE

03. NUH ÇİMENTO WITH NUMBERS

04. STRATEGY AND MANAGEMENT

05. SUSTAINABILITY MANAGEMENT

06. OUR ECONOMIC PERFORMANCE

07. OUR SOCIAL PERFORMANCE

08. OUR ENVIRONMENTAL PERFORMANCE

09. ANNEXES





# MATERIALS MANAGEMENT

As Nuh Çimento, we are a member of a sector that obtains its raw material through mining activities and using natural resources and uses intensive energy in production. We group the materials used as inputs in production in the cement sector as raw materials, auxiliary materials and fuels.

**Our Goal**  
**Increasing the use of waste as an alternative raw material**

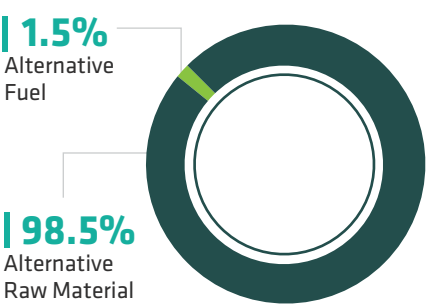
**Realized 2022**  
**410,196 tons/year**

**Target 2023**  
**250,000 tons/year**

## Raw Materials and Auxiliary Materials

We are constantly evaluating alternative raw material sources from different sectors in order to reduce the use of natural raw materials in our company. We attach importance to a careful and reliable mining management, and we use the reserves of our mine in an optimal way by drilling. We are researching alternative mines and opening them to service in order to guarantee our activities in the coming years. We monitor our performance with indicators such as the use and distribution of alternative raw materials, CO2 emissions, and quarry reserve lifetimes.

## Our Waste Usage (tons)



## Use of Alternative Fuels and Alternative Raw Materials

In order to reduce the use of natural resources and greenhouse gases caused by fuels, as well as to reduce the associated fuel and raw material costs, we use waste instead of the primary main raw materials and fuels. In 2022, we provided 0.6 percent of our total energy obtained from fuels from waste within the scope of alternative fuel use. Our goal is to provide 0.5 percent of the annual heat energy we use from waste and also to use at least 250 thousand tons of waste as raw materials.

In this context, we obtain the necessary permits by conducting waste negotiations with companies and following legal processes. We analyze the incoming materials and prepare waste usage prescriptions. By using the appropriate waste during the production phase, we reduce the amount of waste that has the potential to pollute the environment, as well as reduce our fuel and raw material costs. In the coming period, we aim to increase the amount of waste we use by making investments in new waste incineration and feeding systems.

### Economic Results and Gains

The net profit we made by using alternative raw materials and alternative fuels was TL 104.6 million in 2022.

### Social Results and Gains

We have become a solution partner for the waste problems of municipalities and organized industrial zones that have problems with waste.

### Environmental Results and Gains

We have reduced our greenhouse gas emissions and our consumption of natural resources by using waste instead of natural resources. In 2022, within the scope of sustainability and energy acquisition, we prevented the formation of carbon dioxide, which corresponds to the carbon dioxide reduction of about 1.26 million trees while restoring 416.6 thousand tons of waste to the economy.



## Use of Alternative Fuels and Alternative Raw Materials

Waste Used Instead of Raw Materials	Substituted Natural Material	2022 Substitution Rate
Iron slag (Fe <sub>2</sub> O <sub>3</sub> )	Fe <sub>2</sub> O <sub>3</sub> (instead of iron silicate)	75.93%
Crit (Fe <sub>2</sub> O <sub>3</sub> )		
Plaster waste (SO <sub>3</sub> )	SO <sub>3</sub> (instead of plaster)	0.35%
Concrete waste		
Brick Waste	CaO (instead of marn mine)	1.88%
Bleaching earth		
Drilling mud		
Calcite		
Lime waste	CaO (instead of limestone)	0.08%
Bottom ash		
Sludge with aluminum content	Instead of a bauxite	18.37%
Fly ash		
Vitrified Discards		

**Our Goal**  
**Increasing the use of waste as an alternative fuel**

**Realized 2022**  
**0.6%**

**Target 2023**  
**0.5%**

## Fuels

Fuels and electrical energy make up a large part of the costs in our sector. For this reason, this issue is of critical importance in terms of profitability and inventory costs on the one hand, and production continuity and emission control on the other. We track our performance with indicators such as alternative fuel usage rate, specific electricity consumption, specific calorie consumption. Our goal is to contribute to the economy and the environment by using energy and natural resources efficiently.



## Tras Mill Tonnage Increase Effort

We aimed to increase the cement production capacity by taking advantage of the times when the slag is not ground in the Tras mill and the mill is idle, and by ensuring that the clinker milled here feeds the output of the cement mills, as well as to increase production and energy efficiency. Thanks to the optimization of process conditions, we have achieved an increase in clinker and slag grinding capacity by 20-30% without negatively affecting the quality parameters. We also provided a quality increase by increasing the slag blaine (fineness) values to around 5000 cm2/g.

### Economic Results and Gains:

Cement 1-2 production capacity increased by an average of 50 tons/ hour with 65 tons of cement-thin clinker milled at the tras mill. During this period, when we bought cement from outside and planned to invest in a new mill, we reduced costs and increased turnover with the extra capacity gained.

### Environmental Results and Gains:

We have achieved savings of 1-2 kWh in specific energy consumption.

## Our Equipment Installed in 2022 and the Material Savings We Provide

In the year 2022, we applied the gearbox-motor coupling connection system to 11 equipment throughout the factory. In this project, production gain will be achieved in downtime related to failure; oil savings will be achieved both in downtime related to failure and planned downtime. It will be obtained in eight different areas in incidental cases; we have saved 33 liters of oil, 47 tons of coal and 310 tons of farin.

### Economic Results and Gains:

We have achieved a reduction in oil consumption and downtime during disassembly, and our dependence on a single type of electric motor and the manufacturer has disappeared.

### Social Results and Gains:

Coordinated work was ensured between the teams and the applications that each team will make during disassembly and assembly were determined more clearly.

**Environmental Results and Gains:** The formation of oil deposits formed in the work area and the related environmental pollution were prevented.

## Our Equipment to be Installed in the Year 2023 and the Savings We will Provide

We plan to save 24 liters of oil, 9.5 tons of coal, 190 tons of clinker and 100 tons of cement in three different areas.

**Future Plan:** We will modify the gearbox-motor connections of the equipment determined on a unit-by-unit basis throughout the factory according to the needs, as specified in the project.



## The Project of Transformation of Coupled (Sleeve) Connected Reducer Motors Used Throughout the Factory

Due to problems such as prolongation of downtime due to gear damage during disassembly and formation of oil deposits in the working area due to failures in coupled motor reducers, we started the project by using the coupling and flanged connection type; eliminating these problems, reducing equipment/unit downtime that may occur at the end of the engine search process suitable for equipment in accidental cases, preventing additional downtime and labor caused by oil loss and seal change during disassembly, reducing dependence on a single type of motor, and aimed to expand the area of use of electric motors of the same power by reducing the dependence on a single type of motor.





# WATER AND WASTE WATER MANAGEMENT

**Our Goal**  
Keeping the total amount of water used below a certain level

Realized 2022  
**1,880,857 m<sup>3</sup>/year**

Target 2023  
**2,100,000 m<sup>3</sup>/year**

In the cement sector, water is mainly used for cooling purposes in the kiln process and mills. In addition, it is used for dusting around the field, in the crushers, and for natural humanitarian needs. We bring the water we draw from the sea to drinking water quality with our sea water treatment plant with ultra filtration and reverse osmosis system.

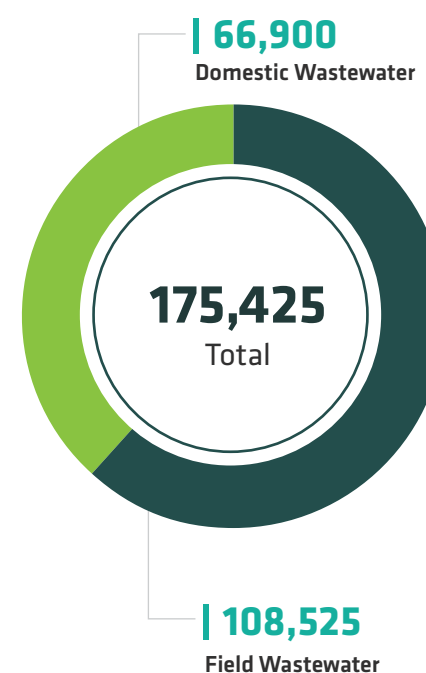
In 2022, we received about 54 percent of the water we used from the Ulu Pinar Stream, which is not used for fishing or agricultural purposes and is poured directly into the sea. Thanks to our Sea Water Treatment Plant, the proportion of the water we recycle and reuse in the total water intake is 42 percent. We do not have a water supply that is significantly affected by water withdrawal.

## Waste Water Discharge

The only water source and natural habitat that may be affected due to waste water discharge around the facility is the Marmara Sea. This area is not within a national or international protected area. We do not have process waste water. We discharge some of the field waters, surface waters and sewage waters into the sea after they are treated.

The Biology Department of Kocaeli University conducted analyses on whether the process of taking water from the sea and discharging water has an impact on biodiversity and living life during our activities. In repeated studies for three consecutive years, divers took images and samples from the bottom and made examinations in all four seasons of the year. While a total of 127 different species were diagnosed as a result of superficial water quality management and ecological status biological monitoring parameter analyses, the report revealed that the point where we take water from the sea and leave it again is no different from other points.

## Treatment Plant Discharge Water Sources (m<sup>3</sup>/year)

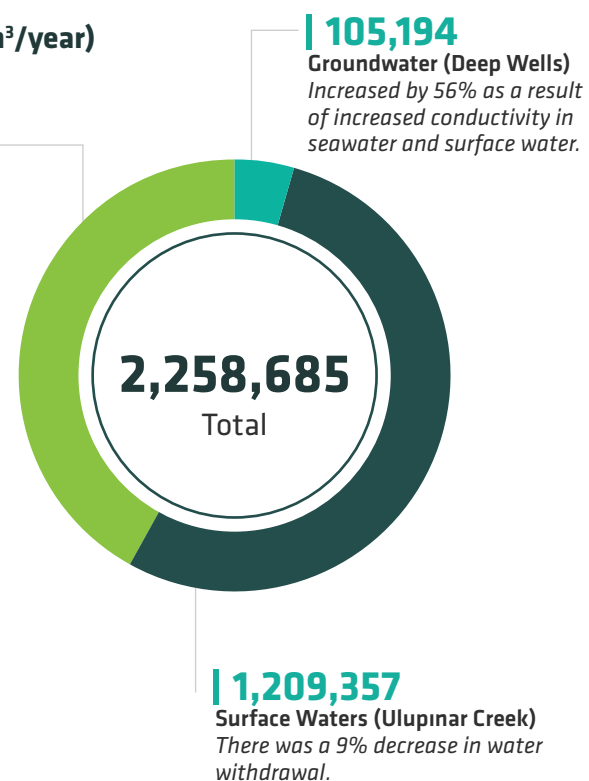


## Treatment Plant Discharge and Reuse



## Water Withdrawal (m<sup>3</sup>/year)

**| 944,134**  
Sea Water (Marmara Sea)\*  
Increased by 15% due to conductivity change.



\* These are the amounts received from our water production facility where sea water is recovered by being treated with ultra filtration and reverse

## Sustainable Water Project

As Nuh Çimento, we show the greatest sensitivity to the environment after the management of our carbon emissions in the use of clean water resources. Although we have legal permits and authorizations, we prefer to continue our process with recovered water without using natural underground water sources, that is, well water, which are more advantageous both in terms of cost and quality. We purify sea water with reverse osmosis technology for some of our needs, and for the rest we use it in the process after it is treated by applying preconditioning to the stream water.

### Use of Treated Waste Field Waters in the Process

In 2021, we took these studies a step further and launched a project to collect and treat and reuse the wastewater that comes out in high quantities throughout the factory, thereby saving both water and energy.

The Sustainable Water Project is an internal R&D study carried out by Nuh Çimento's environmental unit and maintenance unit. With these studies, we first determined the properties of the water we needed, and then we made improvements to our physical treatment plant. We aimed to multiply these areas by examining the processes by which we can use the wastewater we obtained.

In 2020, 30 percent of the wastewater discharged from the treatment plant (about 64 thousand m<sup>3</sup>), and 36 percent in 2021 (about 82 thousand m<sup>3</sup>) we reused it in units such as dedusting, irrigation, chlorization systems. Thanks to this, we saved 300 thousand TL in the water bill. In 2022, we also achieved a total of 62,632 tons of water savings and made a profit of 623,752 TL per cubic meter of water. We aim to increase this ratio by using it for feeding purposes to ovens in the coming years.

### We Serve SKA 6 Sub-Targets Directly!

With our sustainable water approach, the sub-goals that we directly support within the scope of SDG 6: Clean Water and Sanitation are as follows.

- 6.3. Improving water quality by reducing pollution, eliminating garbage dumping, minimizing the release of harmful chemicals and substances, halving the rate of untreated wastewater, and significantly increasing recycling and safe reuse globally.
- 6.4. Greatly increasing the efficiency of water use in all sectors, ensuring a sustainable supply of fresh water to solve the problem of water scarcity.

### Future Plans

By increasing the volume of wastewater reuse in Nuh Çimento, we aim to reuse our wastewater by 90 percent in 2023 and 100 percent in 2025. Later, with this project, we will take a corporate academic report, convert it into a discharge exemption and position Nuh Çimento as a zero waste-water company.

As a support project for this project, we planned to collect rainwater throughout the factory in a healthy way and evaluate it as cooling water in our Clinker production process after the necessary chemical and physical treatment efforts were carried out. With this project, which we will easily integrate into our Sustainable Water Management approach, we will ensure that clean water resources are used less in the process.



- 01. MESSAGE TO OUR STAKEHOLDERS
- 02. OUR CORPORATE PROFILE
- 03. NUH ÇİMENTO WITH NUMBERS
- 04. STRATEGY AND MANAGEMENT
- 05. SUSTAINABILITY MANAGEMENT
- 06. OUR ECONOMIC PERFORMANCE
- 07. OUR SOCIAL PERFORMANCE
- 08. OUR ENVIRONMENTAL PERFORMANCE
- 09. ANNEXES





# WASTE MANAGEMENT

**Our Goal**  
Ensuring that the resulting waste is sent to recycling instead of disposal

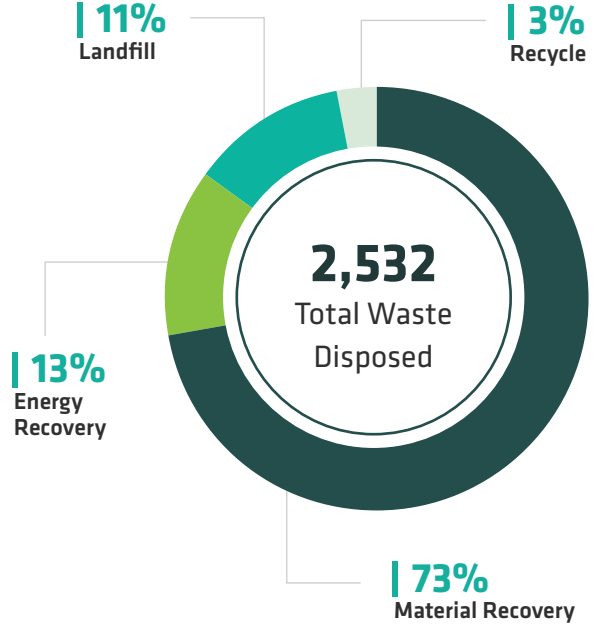
Realized 2022  
**89%**  
Target 2023  
**90%**

After greenhouse gases in the cement sector, the most important waste generated at almost every stage of production processes is dust waste. Liquid wastes do not have a very important place due to the fact that a large part of the water used evaporates in the process and comes out of the chimney. Other solid and liquid wastes are formed during maintenance works, in workshops, tea rooms and collection areas. Only waste oils from liquid wastes are collected by oil maintenance personnel during maintenance.

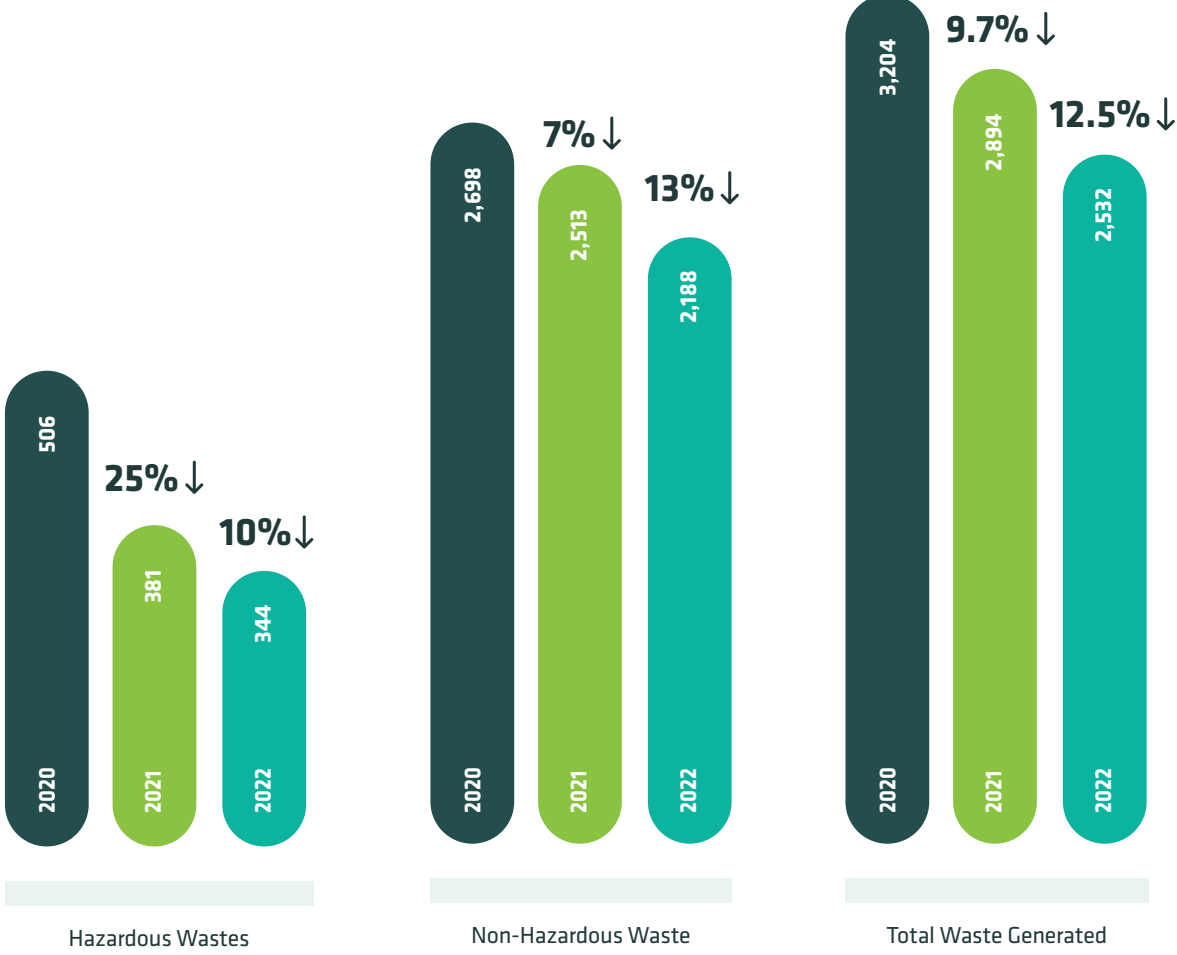
The most important feature of the cement sector is that each of the discards that come out as waste can be added to the product at the previous or next process stage. Thus, it is possible to ensure the recycling of process-derived waste without its formation. At Nuh Çimento facilities, we dispose of our wastes with methods such as energy recovery, material recovery, recycling and regular storage.

We aim to eliminate all of the wastes generated within the scope of our zero waste policy in a way that will not harm the environment. While ensuring the sustainability of 89 percent of our waste through material /energy recovery and recycling methods, we dispose of the remaining 11 percent in accordance with the relevant legislation.

Total Waste by Disposal Management (Tons)



Total Waste by Type (Tons)



## Zero Waste Policy and Sustainable Waste Management

In order to ensure the management of wastes generated throughout the factory and in administrative areas and to keep the amount of waste sent to regular storage below 10 percent, under the coordination of the Sustainability and Environment Directorate for the recycling and recovery of all wastes;

1. We have established the waste separation systematics.
2. We have increased the waste separation containers.
3. We have increased the awareness levels by providing training to employees.
4. We have made regular inspections and controls.
5. We sent the waste to recycling and recovery facilities.

Although there have been difficulties such as improper waste separation, we have overcome this problem with regular controls and trainings.



- 01. MESSAGE TO OUR STAKEHOLDERS
- 02. OUR CORPORATE PROFILE
- 03. NUH ÇİMENTO WITH NUMBERS
- 04. STRATEGY AND MANAGEMENT
- 05. SUSTAINABILITY MANAGEMENT
- 06. OUR ECONOMIC PERFORMANCE
- 07. OUR SOCIAL PERFORMANCE
- 08. OUR ENVIRONMENTAL PERFORMANCE
- 09. ANNEXES





# PROTECTION OF BIODIVERSITY

## Our Goal

**Not carrying out activities in the regions where special species are grown and live in terms of Biodiversity and in other areas under protection**

Realized 2022

**0%**

Target 2023

**0%**

In the cement sector, natural living environments may be affected due to the fact that the main raw material obtained through mining activities is provided from natural sources. In order to minimize this impact, we do not carry out mining activities in areas that are protected in terms of biodiversity.

The regions where we carry out open mining activities are classified as Bozuk Koru Ormanı under the jurisdiction of Sakarya Regional Directorate of Forestry, Izmit Forestry Operations Directorate, Dilovası Forest Operation Chief. These areas; where there is no presence of trees of economic value, the species in the maki formation spread from place to place, and the vast majority of it is open space. In 2022, there was no negative impact of our activities on biodiversity.

## Izmit Gulf Fish Restocking Project

In the fifth year of the Izmit Gulf Fish Restocking project, we again took part as the sole sponsor. Fishing activities in the Gulf of Izmit are important for the people in Hereke, where we operate, from an economic and social point of view. In this context, as Nuh Çimento, we have been contributing to the fishing project under the leadership of Kocaeli Metropolitan Municipality since the beginning of 2017. Our aim is to protect and enrich Biodiversity and thus contribute to the economic development of the region and to the greater benefit of the people from the sea.

Within the framework of the protocol signed on 20.12.2016 in cooperation with the Ministry of Food, Agriculture and Livestock (General Directorate of Agricultural Research and Policies) and its affiliated Institutes, the studies conducted together with the Trabzon Fisheries Central Research Institute (SUMAE) affiliated to TAGEM primarily determined the existing fish species and diversity and stock status. In this direction, sampling studies were carried out in the Gulf of Izmit in 2017 and 2018.

The fish restocking project, which is only one of the pillars of the protection of the Gulf of Izmit, a closed basin of the Sea of Marmara, aims to increase the number of native fish species living in the Gulf of Izmit and protect the species by reducing the effects of adverse environmental conditions experienced on fish species. Within this scope, broodfish are taken from the Gulf of Izmit and bred at the Trabzon Fisheries Central Research Institute, and the young of the native fish are released into the Gulf of Izmit and the species population here is stabilized.

Trabzon Fisheries Central Research Institute provides support for the collection and reproduction of fish, while the Ministry of Food, Agriculture and Livestock and the General Directorate of Agricultural Research and Policies provide informational support. As Nuh Çimento, we have sponsored vehicles, organizations and ceremonies; we support meetings and evaluation studies as the sole sponsor. The Izmit Bay Fish Restocking Project, which is Turkey's exemplary project on behalf of biodiversity, also has the distinction of being the first fish release study conducted in the seas.

As part of the Izmit Bay Fish Restocking Project carried out by Kocaeli Metropolitan Municipality, General Directorate of Agricultural Research and Policies and the Central Research Institute of Fisheries, a total of 12 thousand young bream, sea bass and turbot fish, six thousand of which were on the Değirmendere Lake coast and six thousand on the Karamürsel Ereğli beach, were released into the sea. Thus, in its 6th year, a total of 36 thousand fish were released into the gulf waters.

### Results and Gains

#### Economic

Fishing has developed in the region and the economy has revived even more.

#### Social

The local people met with the sea again thanks to line fishing.

#### Environmental

With the decrease in marine pollution, biodiversity and fish species and number began to increase.



01. MESSAGE TO OUR STAKEHOLDERS

02. OUR CORPORATE PROFILE

03. NUH ÇİMENTO WITH NUMBERS

04. STRATEGY AND MANAGEMENT

05. SUSTAINABILITY MANAGEMENT

06. OUR ECONOMIC PERFORMANCE

07. OUR SOCIAL PERFORMANCE

08. OUR ENVIRONMENTAL PERFORMANCE

09. ANNEXES







# OUR INTEGRATED MANAGEMENT SYSTEMS

We carry out our management systems activities starting in 2005 with the occupational health and safety management system and continuing with the quality, environmental and energy management systems within the scope of the Integrated Management Systems Standards approved by The BSI (The British Standard Institution), the National Standards organization of the United Kingdom. We carry out our ISO 27001 Information Security Management system activities under the supervision of Proks Certification and Special Education Services certification company.

Integrated Management Systems Standards Certificates	Date of Receipt	Effective Date
ISO 9001 Quality Management System	13.02.2008	5.09.2025
ISO 14001 Environmental Management System	13.02.2008	5.09.2025
ISO 50001 Energy Management System	17.12.2013	5.09.2025
TS-45001 Occupational Health and Safety Management System	07.07.2005	5.09.2025
ISO 27001 Information Security Management System	02.01.2019	01.01.2024
CSC Certificate of Responsible Use of Resources	08.04.2020	8.04.2023

Our policies that support our Integrated Management Systems are [on our website](#).

# CORPORATE MEMBERSHIPS

AHK Turkey German-Turkish Chamber of Industry and Commerce

ÇEİS Cement Industry Employers' Union

GIF Global Relations Forum

IAV Economic Research Foundation

IMMIB General Secretariat of Istanbul Mining and Metal Exporters' Associations

ITO Istanbul Chamber of Commerce

KALDER Turkish Quality Association

KSO Kocaeli Chamber of Industry

KOSAİD Kocaeli Industry and Business Association

KTO Körfez Chamber of Commerce

OAİB General Secretariat of the Central Anatolian Exporters' Associations

PERYÖN Personnel Managers Association

SKD Sustainable Development Association

TÇMB Turkish Cement Industrialists' Association (TÜRKÇİMENTO)

TUGIAD Turkish Young Businessmen's Association

# FINANCIAL PERFORMANCE SUMMARY

## Main Indicators

(Thousand TL)	2020	2021	2022
Assets	2,518,122	3,473,236	6,942,826
Net Sales	1,706,337	2,493,229	7,739,080
Operating Profit	394,058	536,244	1,783,976
Net Profit	570,249	642,432	2,086,616
EBITDA	476,742	627,788	1,905,621
Shareholders' Equity Resources	1,798,886	2,171,850	4,542,449
<b>Dividend Payouts</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Gross Dividends Paid	225,320	322,959	690,983*
Profit Per Share	3.80	4.28	13.89
Dividends Paid Per Share (Gross)	1.50	2.15	4.6*

The amount of the payment will be finalized at the General Assembly meeting dated February 23rd, 2023.

## Basic Rates

Liquidity Ratios	2020	2021	2022
Current Rate	1.93	1.95	1.78
Cash Rate	0.93	0.66	0.60
<b>Profitability Ratios</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Net Profit / Equity	33%	30%	27%
Basic Operating Profit / Net Sales Revenue	23%	22%	23%
<b>Financial Structure Ratios</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Total Equity / Assets	71%	63%	65%
Equity / Foreign Resources Ratio	2.50	1.67	1.90

01. MESSAGE TO OUR STAKEHOLDERS

02. OUR CORPORATE PROFILE

03. NUH ÇİMENTO WITH NUMBERS

04. STRATEGY AND MANAGEMENT

05. SUSTAINABILITY MANAGEMENT

06. OUR ECONOMIC PERFORMANCE

07. OUR SOCIAL PERFORMANCE

08. OUR ENVIRONMENTAL PERFORMANCE

09. ANNEXES





# TABLES OF PERFORMANCE INDICATORS

## Economic Indicators

### Value Data Distributed to Our Stakeholders

Economic Value Created and Distributed (Consolidated) (Thousand TL)	2020	2021	2022
Economic Value Created (Revenues)	1,706,337	2,493,229	7,739,080
<b>Economic Value Distributed to Stakeholders</b>			
Benefits provided to <b>Suppliers</b>	1,345,005	2,500,502	7,408,895
Benefits provided to <b>the State</b>	90,216	159,735	311,009
Benefits provided to <b>capital providers</b> (Dividends)	225,320	322,959	690,983
Benefits provided to <b>Society</b> *	8,734	11,090	9,910
<b>Undistributed economic value (Profit)</b>	<b>344,929</b>	<b>319,473</b>	<b>1,395,636</b>

Benefits Provided to the Society* (Thousand TL)	2020	2021	2022
Nuh Çimento Education and Health Foundation	2,955	8,480	8,943
Public Institutions and Organizations	4,061	1,847	159
Other Associations and Foundations	1,718	763	807
<b>Total</b>	<b>8,734</b>	<b>11,090</b>	<b>9,910</b>

## Social Indicators

### Occupational Health and Safety Management Data

Occupational Health and Safety (Nuh Employees)	2020	2021	2022
Fatal Accident Rate	0	0	0
Accident Frequency Ratio (High importance and day loss - excluding death)	5.32	5.29	3.4
Accident Frequency Ratio (Registered) (High importance, day loss and non day loss)	10.63	21.84	18.12
Day Loss Due to a Work Accident	324	105	80

#### Descriptions:

The types of accidents that took place in 2022 are impact, burn, strain and crush.

Accidents at the first aid level are included in the accident frequency rate if the day is lost.

The lost day rate is calculated according to the calendar day. The lost day count starts immediately the next day after the accident.

Fatal accidents are not included in the accident frequency ratio. (1 Fatal Accident = 7,500 Lost Days)

**Accident Frequency:** The number of accidents that occur during one million working hours

$Accident\ Frequency = \frac{Total\ Number\ of\ Accidents}{(Total\ Number\ of\ Employees \times 300\ Days \times 7.5\ Hours) - (Total\ Lost\ Days \times 7.5\ Hours)} \times 1,000,000$

Occupational Health and Safety Trainings (Employee/Hour)	2020	2021	2022
Male	39	33	33
Female	21	16	18

## Employment and Training Data

Our Employees	2020	2021	2022
<b>Our Employees by Gender</b>			
Male	93.50%	93.82%	93.60%
Female	6.50%	6.18%	6.40%

By Contract Type and Gender	2020	2021	2022
Permanent and Full-Time Employee - Female	61	59	62
Permanent and Full-Time Employee - Male	881	879	906
<b>Total</b>	<b>942</b>	<b>938</b>	<b>968</b>

By Contract Type and Region	2020	2021	2022
Permanent and Full-Time Employee - Istanbul	35	35	34
Permanent and Full-Time Employee - Kocaeli	907	903	934
<b>Total</b>	<b>942</b>	<b>938</b>	<b>968</b>

Our Employees by Their Activity Zones	2020	2021	2022
Istanbul	3.70%	3.73%	3.51%
Kocaeli	96.30%	96.27%	96.49%

Employee Turnover	2020	2021	2022
Beginning Of The Year	676	667	676
Started Employment	28	62	71
Ended Employment	37	51	50
End Of The Year	667	676	697
Average Number of Employees	674	667	680

Turnover Rate	2020	2021	2022
	<b>5.49%</b>	<b>7.64%</b>	<b>7.35%</b>

Local Employment	2020	2021	2022
Senior Managers - Local (Kocaeli)	4	4	4
Senior Managers - Other (Istanbul)	9	9	9
<b>Total Number of Senior Managers</b>	<b>13</b>	<b>13</b>	<b>13</b>

Freedom of Unionization	2020	2021	2022
The number of employees covered by collective bargaining agreements	437	443	464
The proportion of employees covered by collective bargaining agreements (%)	66%	66%	67%

Our Training Investments	2020	2021	2022
<b>All Trainings</b>			
Professional Development	1,908	2,079	3,605
Self-improvement	686	588	1,307
OHS	25,692	21,784	22,828
Other	422	2,268	3,034
<b>Total Training Hours</b>	<b>28,708</b>	<b>26,719</b>	<b>30,774</b>

Average Hours of Training Per Person	2020	2021	2022
All Employees	43	40	44
Male	43	40	44
Female	48	31	33



## Environmental Indicators

Our Environmental Expenditures (TL)	2020	2021	2022
Emission Management	2,967,503	9,635,106	18,530,197
Waste Management	3,261,583	4,449,479	10,911,577
Workmanship	2,326,060	3,623,675	6,948,841
Permissions and License Management	244,972	1,673,802	824,876
<b>Total</b>	<b>8,800,119</b>	<b>19,382,063</b>	<b>37,215,490</b>

### Environmental Compliance:

There is no penalty received as a result of non-compliance with environmental laws and regulations during the reporting period.

## Energy Management Data

Consumed Energy from Non-Renewable Direct Energy Sources (Gj)	2020	2021	2022
Coal	7,614,602	13,037,955	9,542,699
Natural Gas	174,898	173,581	79,778
Fuel Oil	11,890	0	0
Petroleum Coke	6,987,010	2,774,339	5,266,999
Hard Coal	0	0	190,862
Alternative Fuels	356,155	186,433	131,118
<b>Total Fuels Consumed (Gj)</b>	<b>15,144,555</b>	<b>16,172,308</b>	<b>15,211,455</b>

Indirect Energy Purchased and Consumed from Non-Renewable Energy Sources (Gj)	2020	2021	2022
Electric	1,240,345	1,460,463	1,426,791
<b>Total Energy Consumption (Gj)</b>	<b>16,870,680</b>	<b>18,135,235</b>	<b>17,205,468</b>

\* It is the sum of WHR and HEPP.

Energy Density	2020	2021	2022
Cement (kWh/ton)	46	45	44
Clinker (kWh/ton)	66	64	65
Fuel Clinker (Gj/ton)	3.5	3.5	3.4
Energy Consumption	2020	2021	2022
Clinker (kWh/year)	288,768,941	296,541,627	289,315,723
Cement (kWh/year)	164,872,935	209,679,386	221,555,925
Fuel Clinker (Gj/year)	15,144,555	16,172,308	15,211,455

## Emission Management Data

Greenhouse Gas Emissions (tCO <sub>2</sub> e)	2020	2021	2022
Direct Greenhouse Gas (GHG) Emissions (Scope 1)	3,611,039	3,916,622	3,862,270
Indirect Greenhouse Gas (GHG) Emissions (Scope 2)	256,524	291,716	*247,593
<b>Total CO<sub>2</sub>e Emissions</b>	<b>3,867,563</b>	<b>4,208,338</b>	<b>4,109,863</b>

**Explanation:** Direct Greenhouse Gas Emissions (Scope 1) covers the emission that we report within the scope of the "Regulation on the Monitoring of Greenhouse Gas Emissions" (MRV).

**Explanation:** Indirect Greenhouse Gas Emissions (Scope 2) are outside the scope of Greenhouse Gas emissions reported under MRV (Monitoring, Reporting, Verification) and cover greenhouse gas emissions caused by electricity purchased and consumed by the company. \*Instead of the 0.535 electricity carbon coefficient used in previous years, the 0.447 coefficient published by the Ministry of Energy has been started to be used. Therefore, there has been a decline.

Greenhouse Gas (GHG) Emission Intensity (Scope 1)	2020	2021	2022
Total Clinker Production (Tons)	4,376,400	4,634,300	4,472,100
Co2e Emission Intensity (Kg CO2e/ton clinker)	825	845	864

Greenhouse Gas Reduction (tCO <sub>2</sub> e)	2020	2021	2022
Waste Heat Recovery (WHR)	55,408	63,155	54,814
Kuşluk HEPP	16,784	11,517	15,616
Electric Work Machine	531	679	992
<b>Total</b>	<b>72,723</b>	<b>75,351</b>	<b>71,422</b>

Air Emissions (Kg)	2020	2021	2022
NOx	-	18,125,273	-
SOx	-	141,459	-
PM (Particulate matter)	-	1,176,226	-

\* According to the Regulation on the Control of Air Pollution Caused by Industry, measurements are carried out every two years. Therefore, the data for 2020 and 2022 are not available.

## Materials Management Data

Our Waste Usage (tons)	2020	2021	2022
Alternative Raw Material	354,835	430,686	410,196
Alternative Fuel	19,596	10,819	6,401
<b>Total</b>	<b>374,431</b>	<b>441,505</b>	<b>416,597</b>





## Water Management Data

Water Withdrawal (m <sup>3</sup> /year)	2020	2021	2022
Surface Waters (Ulupinar Creek)	941,907	1,315,506	1,209,357
Groundwater (Deep Wells)	62,144	45,907	105,194
Sea Water (Marmara Sea) *	1,023,708	802,836	944,134
<b>Total</b>	<b>2,027,759</b>	<b>2,164,249</b>	<b>2,258,685</b>

\* These are the amounts received from our water production facility where sea water is recovered by being treated with ultra filtration and reverse osmosis system.

Water Consumption (m <sup>3</sup> /Year)	2020	2021	2022
The Amount of Water Used in Cement Production	731,094	785,956	912,480
The Amount of Water Used in the Subsidiary Facilities	878,698	957,368	968,377
<b>Total Water Use</b>	<b>1,609,792</b>	<b>1,743,324</b>	<b>1,880,857</b>

Treatment Plant Data 2022	Domestic Wastewater	Field Wastewater	Total
<b>Water entering the treatment plant (m<sup>3</sup>)</b>	66,900	108,525	175,425
<b>Water coming out of the treatment plant (m<sup>3</sup>)</b>	66,900	108,525	175,425
The amount discharged into the sea	66,900	45,246	112,146
The amount fed to the kilns	0	16,695	16,695
The amount used for road irrigation and dedusting	0	45,937	45,937
<b>Chemicals used in the treatment plant (tons)</b>	3	0	3
<b>Amount of purification sludge output (tons)</b>	11.80	27.75	39.55
<b>Treatment plant electricity consumption (kWh)</b>	51,210	128,281	179,491

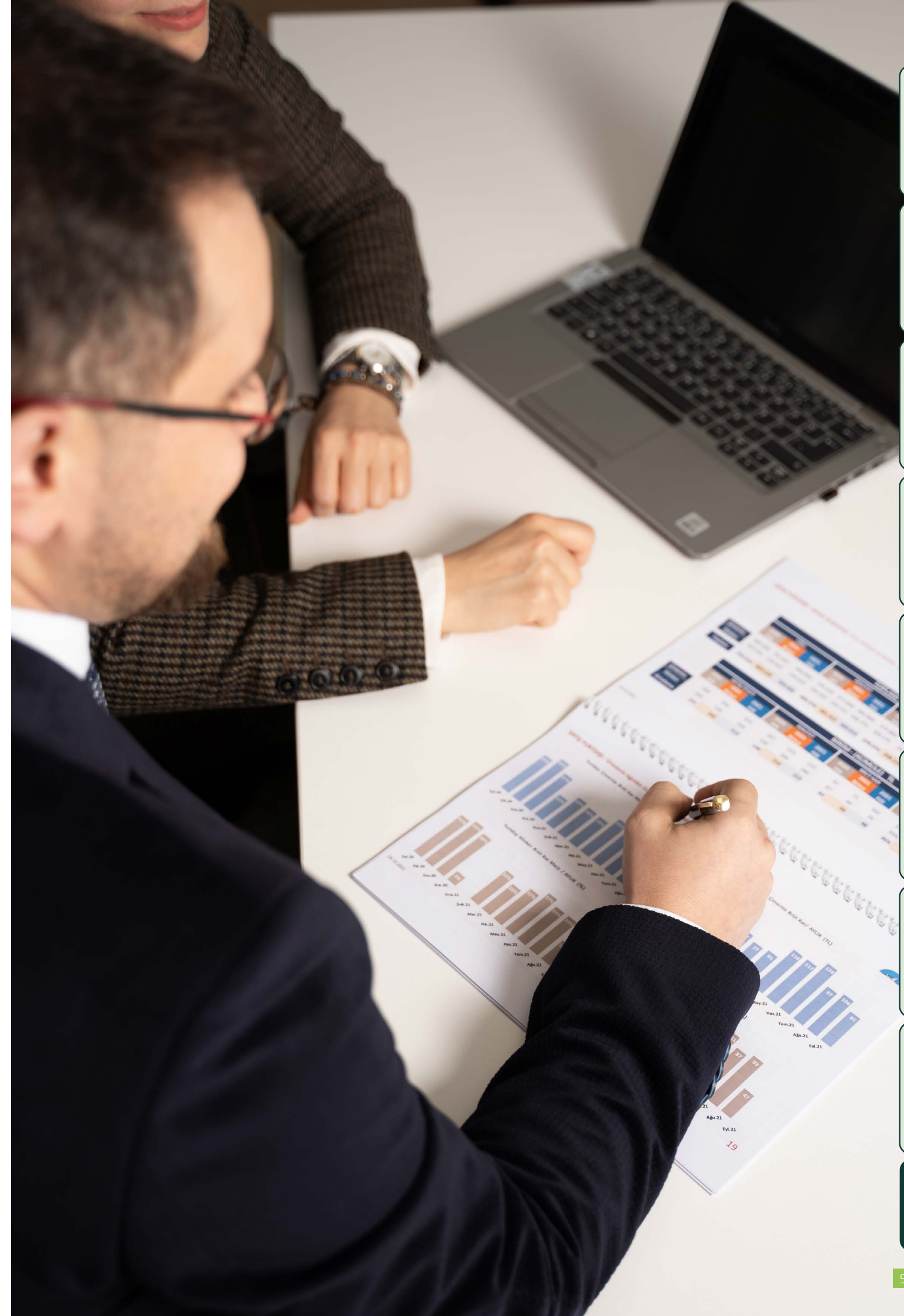
## Waste Management Data

Total Waste by Type (Tons)	2020	2021	2022
Hazardous Wastes	506	381	344
Non-Hazardous Waste	2,698	2,513	2,188
<b>Total Waste Generated</b>	<b>3,204</b>	<b>2,894</b>	<b>2,532</b>

The Total According to the Disposal Method	2020	2021	2022
Energy Recovery	567.00	377.40	322
Material Recovery	2,289.00	2,145.40	1,841
Landfill	263.00	281.72	292
Recycle	85.00	90.34	77
Other (Sterilization etc.)	0.00	0.09	0.06
<b>Total Waste Disposed</b>	<b>3,204.00</b>	<b>2,894.94</b>	<b>2,532.56</b>

**Among the hazardous wastes;** waste printing toners containing hazardous materials, engine, transmission and lubricating oils, chemicals, leaded batteries and accumulator etc.

**Among the non-hazardous wastes;** plastic, ferrous metal burrs and chips, mixed packaging and end-of-life tires etc.



01. MESSAGE TO OUR STAKEHOLDERS

02. OUR CORPORATE PROFILE

03. NUH ÇİMENTO WITH NUMBERS

04. STRATEGY AND MANAGEMENT

05. SUSTAINABILITY MANAGEMENT

06. OUR ECONOMIC PERFORMANCE

07. OUR SOCIAL PERFORMANCE

08. OUR ENVIRONMENTAL PERFORMANCE

09. ANNEXES



# CMB SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

If the compliance status with the Principles is determined as “Yes” or “Partially”, it is necessary to include the report information / link related to the information disclosed to the public.  Explanations related to the compliance status with the Principles are included in the “Explanation” column.  The scope in which the requested information is presented in consolidated or solo should be indicated in the “Disclosure” column.		COMPLIANCE STATUS				DESCRIPTION and RELATED LINKS  (The titles in the description section are the titles in our Integrated Annual Report, which we publish in March every year.)
		YES	NO	PAR-TIALLY	IRREL-EVANT	
<b>A. General Principles</b>						
<b>A1. Strategy, Policy and Objectives</b>						
<b>A1.1</b>	Priority environmental, social and corporate governance (ÇSY) issues, risks and opportunities have been determined by the partnership's board of directors.	√				<a href="#">Risk Management and Evaluation of the Board of Directors</a>
	ÇSY policies (e.g. Environmental Policy, Energy Policy, Human Rights and Employee Policy, etc.) are approved by the partnership's board of directors disclosed to the public.	√				<a href="#">Our Integrated Management Systems</a>
<b>A1.2</b>	The short- and long-term goals determined within the scope of the ESIA policies have been disclosed to the public.	√				<a href="#">Our Sustainability Target</a>
<b>A2. Application/Monitoring</b>						
<b>A2.1</b>	The committees and/ or units responsible for the implementation of ÇSY policies and the highest-level responsible persons and their duties in partnership related to ÇSY issues have been determined and disclosed to the public.	√				<a href="#">Sustainability Management Structure</a>
	The activities carried out by the responsible committee and/or unit within the scope of the policies are reported to the board of directors at least once a year.	√				<a href="#">Sustainability Management Structure</a>
<b>A2.2</b>	Implementation and action plans have been created and disclosed to the public in line with the ÇSY objectives.	√				<a href="#">Our Sustainability Target</a>
<b>A2.3</b>	With the ÇSY Key Performance Indicators (KPG), the level of achievement of these indicators on a yearly basis has been disclosed to the public.	√				<a href="#">Tables of Performance Indicators</a>
<b>A2.4</b>	Activities aimed at improving the sustainability performance of business processes or products and services have been disclosed to the public.	√				<a href="#">Climate Change and Energy Management</a>
<b>A3. Reporting</b>						
<b>A3.1</b>	In the annual reports, information about the sustainability performance, goals and actions of the partnership is provided in an understandable, accurate and adequate way.	√				2022 Annual Report in General
<b>A3.2</b>	Information on which of the United Nations (UN) 2030 Sustainable Development Goals are related to its activities has been disclosed to the public by the Partnership.	√				<a href="#">About Our Report</a>
<b>A3.3</b>	Lawsuits filed and/or concluded against ÇSY issues, which are important in terms of ÇSY policies and/or will significantly affect activities, have been disclosed to the public.	√				<a href="#">Tables of Performance Indicators</a>
<b>A4. Verification</b>						
<b>A4.1</b>	The ÇSY Key Performance measurements of the Partnership have been verified by an independent third party and disclosed to the public.			√		<a href="#">Climate Change and Energy Management (Scope 1 Emissions)</a>

B. Environmental Principles					
<b>B1</b>	The partnership has publicly disclosed its policies and practices in the field of environmental management, action plans, environmental management systems (known by the ISO 14001 standard) and programs.	√			<a href="#">Our Environmental Performance</a> <a href="#">Our Integrated Management Systems</a>
<b>B2</b>	Restrictions related to the scope of the report, reporting period, reporting date, reporting conditions related to the environmental reports prepared in providing information about environmental management have been disclosed to the public.	√			<a href="#">About Our Report</a>
<b>B3</b>	It is given in A2.1.				
<b>B4</b>	The environmental targets included in the awarding criteria within the scope of performance incentive systems on the basis of stakeholders (such as board members, managers and employees) have been disclosed to the public.	√			<a href="#">Our Sustainability Target</a>
<b>B5</b>	How the environmental problems identified as a priority are integrated into business goals and strategies has been disclosed to the public.	√			<a href="#">Our Sustainability Target</a>
<b>B6</b>	It is given in A2.4.				
<b>B7</b>	How environmental issues are managed, integrated into business goals and strategies, including suppliers and customers throughout the partnership value chain, including the operation process, has been disclosed to the public.	√			<a href="#">Sustainability Effects in the Value Chain</a> <a href="#">Our Environmental Performance</a>
<b>B8</b>	Whether the relevant organizations and non-governmental organizations are involved in the policy-making processes on the environment and the cooperation with these institutions and organizations have been disclosed to the public.	√			<a href="#">Corporate Memberships</a> <a href="#">External Factors and Global Trends</a>
<b>B9</b>	In the light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity effects), information about their environmental impacts has been disclosed to the public periodically in a comparable manner.	√			<a href="#">Our Environmental Performance</a>
<b>B10</b>	The standard, protocol, methodology and base year details used to collect and calculate the data have been disclosed to the public.	√			<a href="#">Our Environmental Performance</a>
<b>B11</b>	The increase or decrease of environmental indicators for the reporting year in comparison with previous years has been disclosed to the public.	√			<a href="#">Our Environmental Performance</a>
<b>B12</b>	Short- and long-term goals have been set to reduce environmental impacts, and these goals and the progress status according to the goals set in previous years have been disclosed to the public.	√			<a href="#">Our Sustainability Target</a>
<b>B13</b>	The strategy to combat the climate crisis has been established and the planned actions have been disclosed to the public.	√			<a href="#">Climate Change and Energy Management</a>
<b>B14</b>	Programs or procedures have been created and disclosed to the public in order to prevent or minimize the potential negative impact of products and/or services on the environment.	√			<a href="#">Climate Change and Energy Management</a>
	Third parties (e.g. supplier, subcontractor, dealer etc.) actions have been taken to reduce the amount of greenhouse gas emissions and these actions have been disclosed to the public.	√			<a href="#">Climate Change and Energy Management</a>
<b>B15</b>	The environmental benefits / gains and cost savings provided by initiatives and projects aimed at reducing environmental impacts have been disclosed to the public.	√			<a href="#">Our Environmental Performance</a>
<b>B16</b>	Energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling, etc.) data have been disclosed to the public as Scope-1 and Scope-2.	√			<a href="#">Our Environmental Performance Indicators</a>
<b>B17</b>	A public statement has been made about the electricity, heat, steam and cooling produced in the reporting year.	√			<a href="#">Climate Change and Energy Management</a> <a href="#">Our Environmental Performance Indicators</a>
<b>B18</b>	Efforts have been made on increasing the use of renewable energy and switching to zero or low-carbon electricity and disclosed to the public.	√			<a href="#">Climate Change and Energy Management</a>
<b>B19</b>	Renewable energy production and usage data have been disclosed to the public.	√			<a href="#">Climate Change and Energy Management</a>

- 01. MESSAGE TO OUR STAKEHOLDERS
- 02. OUR CORPORATE PROFILE
- 03. NUH ÇİMENTO WITH NUMBERS
- 04. STRATEGY AND MANAGEMENT
- 05. SUSTAINABILITY MANAGEMENT
- 06. OUR ECONOMIC PERFORMANCE
- 07. OUR SOCIAL PERFORMANCE
- 08. OUR ENVIRONMENTAL PERFORMANCE
- 09. ANNEXES





B. Environmental Principles (Continued)				
B20	Energy efficiency projects have been carried out and the amount of energy consumption and emission reduction achieved through energy efficiency projects has been disclosed to the public.	√		<a href="#">Climate Change and Energy Management</a>
B21	Water consumption, the amounts of water withdrawn, recycled and discharged from underground or above ground, if any, sources and procedures have been disclosed to the public.	√		<a href="#">Water and Wastewater Management</a> <a href="#">Our Environmental Performance Indicators</a>
B22	Whether the operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax) is publicly disclosed.	√		Nuh Çimento is not included in any carbon pricing system.
B23	The carbon credit information accumulated or purchased during the reporting period has been disclosed to the public.	√		There are no carbon credits accumulated or purchased during the reporting period.
B24	If carbon pricing is being implemented within the partnership, its details have been disclosed to the public.	√		Carbon pricing is not applied within the partnership.
B25	The platforms on which the partnership discloses its environmental information have been disclosed to the public.	√		All information is available to the public via our integrated annual report and our website.
C. Social Principles				
C1. Human Rights and Employee Rights				
C1.1	The Corporate Human Rights and Employee Rights Policy has been established in a way to cover the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey and other relevant legislation, those responsible for the implementation of the policy have been determined and the policy and those responsible have been disclosed to the public.		√	<a href="#">Employment</a> <a href="#">Training and Development</a> <a href="#">Rules of Business Ethics</a>
C1.2	Fair labor force, improvement of labor standards, women's employment and inclusion issues (gender, race, religion, language, marital status, ethnic identity, sexual orientation, gender identity, family responsibilities, trade union activities, political opinion, disability, social and cultural differences, etc., taking into account supply and value chain effects, such as non-discrimination in matters) is included in the employee rights policy.	√		<a href="#">Employment</a> <a href="#">Training and Development</a>
C1.3	Of the segments sensitive to certain economic, environmental, social factors (low-income segments, women, etc.) or measures taken along the value chain to respect minority rights/equality of opportunity have been publicly disclosed.	√		<a href="#">Education and Health Foundation</a>
C1.4	Developments related to preventive and corrective practices related to discrimination, inequality, human rights violations, forced labor and child labor have been disclosed to the public.		√	<a href="#">Employment</a> <a href="#">Training and Development</a> <a href="#">Rules of Business Ethics</a>
C1.5	Investment in employees (training, development policies), compensation, recognized benefits, the right to unionization, work/life balance solutions and talent management issues are included in the employee rights policy.	√		<a href="#">Employment</a> <a href="#">Training and Development</a>
	Dispute resolution processes have been determined by creating mechanisms for resolving employee complaints and disputes.	√		<a href="#">Employment</a> <a href="#">Training and Development</a>
	The activities carried out during the reported period in order to ensure employee satisfaction have been disclosed to the public.	√		<a href="#">Employment</a> <a href="#">Training and Development</a>
C1.6	Occupational health and safety policies have been established and disclosed to the public.	√		<a href="#">Occupational Health and Safety</a>
	The measures taken to prevent occupational accidents and protect health and accident statistics have been disclosed to the public.	√		<a href="#">Occupational Health and Safety</a>
C1.7	Personal data protection and data security policies have been established and disclosed to the public.	√		<a href="#">Protection of Personal Data</a>

C. Social Principles (Continued)				
C1. Human Rights and Employee Rights				
C1.8	The ethics policy has been established and disclosed to the public.	√		<a href="#">Corporate Governance, Ethics and Compliance</a>
C1.9				
C1.10	Information meetings and training programs have been organized for employees on ÇSY policies and practices.	√		<a href="#">Occupational Health and Safety</a>
C2. Stakeholders, International Standards and Initiatives				
C2.1	The customer satisfaction policy regarding the management and resolution of customer complaints has been regulated and disclosed to the public.	√		<a href="#">Integrated Management Systems (Pursuant to ISO 9001)</a>
C2.2	Information about the communication conducted with stakeholders (which stakeholder, subject and frequency) has been disclosed to the public.	√		<a href="#">Materiality Assessment and Stakeholder Engagement</a>
C2.3	The international reporting standards adopted in the reporting are explained.	√		<a href="#">About Our Report</a>
C2.4	The adopted principles related to sustainability, the international organizations, committees and principles that are signatories or members have been disclosed to the public.	√		We are a member of SKD Turkey.
C2.5	Improvements have been made and studies have been carried out in order to be included in the sustainability indices of Borsa Istanbul and/or international index providers.	√		Nuh Çimento is not included in the Borsa Istanbul Sustainability Index.
D. Corporate Governance Principles				
D1	The opinions of stakeholders were consulted in determining the measures and strategies in the field of sustainability.	√		<a href="#">Corporate Governance Compliance Report</a>
D2	Social responsibility projects, awareness-raising activities and trainings have been carried out to raise awareness about the issue of sustainability and its importance.	√		<a href="#">Education and Health Foundation</a>



# AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING

1. Establishment of the Opening and Meeting Presidency.
2. Reading and discussion of the annual report for 2022 prepared by the Board of Directors.
3. reading the Summary of the Independent Audit Report for the 2022 accounting period.
4. reading, discussing and deciding on the Financial Statements for the 2022 accounting period.
5. The release of the Members of the Board of Directors for the activities of the 2022 accounting period is discussed and decided.
6. acceptance, amendment, acceptance or rejection of the proposal of the Board of Directors on the distribution of the profit for the year 2022 and the date of distribution of the profit.
7. Within the framework of the permits obtained from the T.R Ministry of Commerce and Capital Markets Board, discussion of amendments to the article 27 of the Articles of Association entitled "Profit Distribution" and submission of the new form for approval.
8. Discussing and making a decision on granting authority to the Board of Directors to decide on the distribution of dividend advances for the 2023 accounting period within the scope of the Articles of Association and the Capital Markets Board's Dividend Notification numbered II-19.1.
9. Deciding by discussing the rights such as the salary to be paid to the Members of the Board of Directors and the right to peace of mind.
10. The election of the new Members of the Board of Directors and the decision-making of their terms of office.
11. Discussing and deciding on the proposal of the Board of Directors regarding the selection of an independent external audit firm for the audit of accounts and transactions in 2023 in accordance with the Turkish Commercial Code and the Capital Markets Law.
12. Granting permission to the Members of the Board of Directors in accordance with Articles 395 and 396 of the Turkish Commercial Code and informing the General Assembly about the transactions made within this scope during the year within the framework of Corporate Governance Principles.
13. Presenting the donations and aids made in 2022 to information and deciding on the upper limit of the donations and aids to be made in 2023.
14. Giving information on the income and benefits obtained by guarantees, pledges, mortgages and sureties given in favor of third parties.
15. Wishes and opinions.

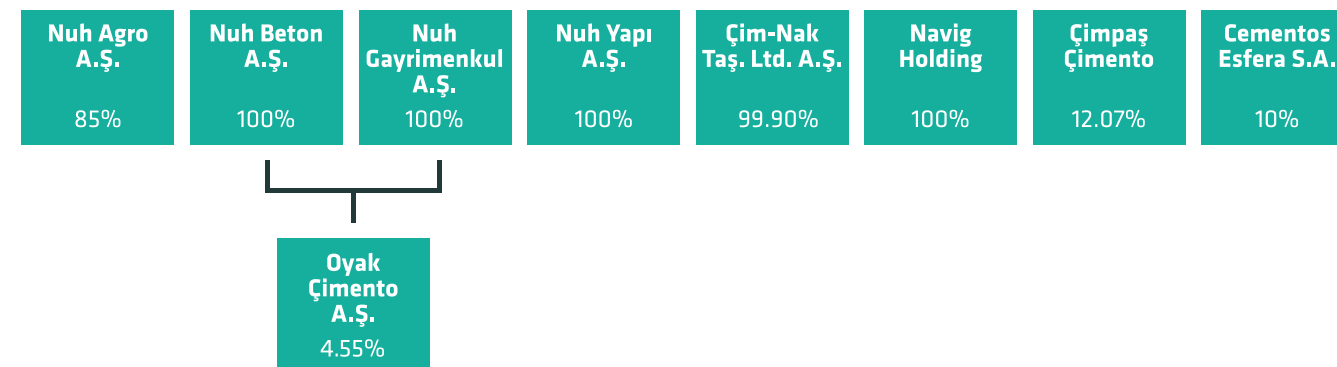
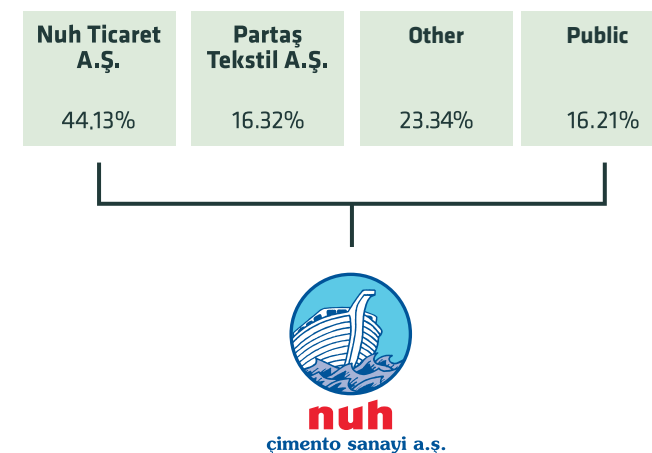
# LEGAL EXPLANATIONS

## EXPLANATIONS RELATED TO CORPORATE GOVERNANCE

### Capital and Partnership Structure

The company's shares have been offered to the public by registering with the Capital Markets Board (CMB) and 16.21% of its shares are publicly traded. The company's shares have been traded on the Borsa Istanbul (BIST) since February 24, 2000.

The paid-up capital of the company as of 31.12.2022 is 150.213.600 TL. There has been no change in the partnership shares of our partners with a share of five percent and above in the last year. The capital distribution is as shown in the following table:



### Information on Privileged Shares and Voting Rights of Shares

There are no privileged shares. Each share gives one voting right. Minority shares are not represented in the management. Our company has not included the cumulative voting method.

01. MESSAGE TO OUR STAKEHOLDERS

02. OUR CORPORATE PROFILE

03. NUH ÇİMENTO WITH NUMBERS

04. STRATEGY AND MANAGEMENT

05. SUSTAINABILITY MANAGEMENT

06. OUR ECONOMIC PERFORMANCE

07. OUR SOCIAL PERFORMANCE

08. OUR ENVIRONMENTAL PERFORMANCE

09. ANNEXES





## Principles of Activity of the Board of Directors

The members of the Board of Directors have been elected to serve from the General Assembly dated March 24, 2022 until the Ordinary General Assembly Meeting to be held in 2023, where the results of the activities for the year 2022 will be discussed. The members of the board of directors, the starting and ending periods of their duties are determined at the ordinary general assembly meeting. The Board of Directors conducts its activities in a transparent, accountable, fair and responsible manner. It is taken as a basis that the meetings of the board of directors should be held as necessary and at least once a month. there were 26 meetings held in 2022. The Board of Directors made a total of 87 decisions in 2022 and a high participation rate was achieved in the meetings. The Company's Articles of Association, the provisions of the Turkish Commercial Code and the regulations of the Capital Markets Board shall be complied with regarding the manner of meeting, meeting and decision quorum, voting, duties and powers of the Board of Directors. The duties of Chairman of the Board of Directors and CEO are performed by separate persons. Care is taken to ensure that the Members of the Board of Directors allocate the necessary time for the Company's business, and there is no restriction on taking on other duties outside the Company. In the 2022 operating period, no situation has arisen that would abolish the independence of the independent members of the Board of Directors. There is no related party transaction submitted for the approval of the independent members of the board of directors and no decision of the board of directors that is not accepted from transactions of a significant nature and submitted for the approval of the General Assembly. Executive liability insurance has been taken out for compensation of losses against the obligations of the members of the Board of Directors and senior managers, for which they can be held personally responsible within the framework of their duties.

## Structure of the Board of Directors

The members of the Board of Directors of the Company and their qualifications for the year 2022 are listed below.

Name surname	Whether/Not He is an Exec-utive	The State of Independence	Date of First Election to the Board of Directors	Term	Duties on the Board of Directors and Committees
Tevfik Bilgin	Not an Executive Officer	Dependent Member	27.03.2013	1 year	Chairman of the Board
Fikret Eskiyapan	Not an Executive Officer	Dependent Member	26.03.1994	1 year	Member of the board Member of the Nomination Committee
Mehmet Eskiyapan	Not an Executive Officer	Dependent Member	28.03.1991	1 year	Member of the board Member of the Corporate Governance Committee Member of the Nomina-tion Committee
Nurcan Yurtbilir	Not an Executive Officer	Dependent Member	30.03.2017	1 year	Member of the board
Sinan Yurtbilir	Not an Executive Officer	Dependent Member	27.03.2013	1 year	Member of the board Member of the Corporate Governance Commit-tee Member of the Nomination Committee
Ahmet Faik Paralı	Not an Executive Officer	Dependent Member	28.04.2014	1 year	Member of the board Member of the Early Detection of Risk Committee
Unal Eskiyapan	Not an Executive Officer	Dependent Member	29.03.2018	1 year	Member of the board Member of the Early Detection of Risk Committee
Emin Hisarcıkloğlu	Not an Executive Officer	Dependent Member	17.04.2004	1 year	Member of the board Member of the Corporate Governance Commit-tee
Yılmaz Küçükçalık	Not an Executive Officer	Dependent Member	30.03.2017	1 year	Member of the board
Vahdettin Ertaş	Not an Executive Officer	Independent Member	29.03.2018	1 year	Independent Member of the Board of Directors Chairman of the Corporate Governance Committee Chairman of the Early Detection of Risk Committee Chairman of the Audit Committee Chairman of the Nomination Committee
İsmail Köksal	Not an Executive Officer	Independent Member	28.03.2019	1 year	Independent Member of the Board of Directors Member of the Corporate Governance Committee Member of the Early Detection of Risk Committee Member of the Audit Committee Member of the Nomination Committee
Aclan Acar	Not an Executive Officer	Independent Member	25.03.2021	1 year	Independent Member of the Board of Directors Member of the Corporate Governance Committee Member of the Audit Committee
Tevfik Kınık	Not an Executive Officer	Independent Member	25.03.2021	1 year	Independent Member of the Board of Directors Member of the Early Detection of Risk Committee Member of the Audit Committee
Elif Bilgehan Müftüoğlu	Not an Executive Officer	Independent Member	25.03.2021	1 year	Independent Member of the Board of Directors Member of the Audit Committee

### Tevfik BİLGİN (Chairman of the Board of Directors)

He graduated from the Department of Public Administration, Faculty of Economics and Administrative Sciences, Middle East Technical University. He holds a Master of Business Administration (MBA) from the University of Iowa, USA. He worked as a Sworn Auditor of Banks between 1992 and 2001, and as Assistant Financial Affairs Coordinator in charge of Finance Companies at Anadolu Endüstri Holding between 2001 and 2003. He became the General Manager of T. Halk Bank in 2003 and was elected as the chairman of the BRSA and SDIF in December 2003. In 2006, he was re-elected as the chairman of the BRSA for 6 years and continued this duty until 2012.

### Fikret ESKİYAPAN (Member)

He was born in Ankara in 1949. He completed his secondary education at TED Ankara College and his undergraduate education at the Department of Mechanical Engineering at the University of Dortmund, Germany. He started his career at Nuh Makine Sanayi A.Ş. as a Mechanical Engineer.

### Mehmet ESKİYAPAN (Member)

He was born in Ankara in 1950. He completed his secondary and high school education at TED Ankara College, and his higher education at the Department of Mechanical Engineering at Dortmund University, Germany. He started his career in 1974 at Nuh Çimento A.Ş. as a Mechanical Engineer. Since 1975, Nuh Çimento A.Ş. He has been a member of the Board of Directors. In 1994-1999, Nuh Çimento A.Ş. He served as Chairman of the Board of Directors. With his own company SEDO A.Ş. He does construction works in Muğla Province, Bodrum. Nuh Çimento Industry Foundation member, Kocaeli Chamber of Industry Assembly member, TOBB General Assembly delegate, TOBB Industry Council membership, as TOBB representative; He is the Deputy Chairman of the German-Turkish Chamber of Commerce and Industry of AHK in Istanbul and the Deputy Chairman of the Turkish-German Chamber of Commerce and Industry of TD-İHK in Berlin, Germany.

### Nurcan YURTBİLİR (Member)

She was born in Ankara in 1947 After graduating from TED Ankara College, she started trading. She was a member of the board of directors of Nuh Ticaret Sanayi A.Ş. She is still a member of the board of directors of Nuh Group Companies.

### Sinan YURTBİLİR (Member)

He was born on September 9, 1958, in Ankara He completed his primary, secondary and high school education at TED Ankara College. After graduating from the University of Texas El Paso in Business Administration, he earned a master's degree in finance from the University of New Heaven. He worked at Yapı Kredi Bank, Alarko and Emlak Bank. Later, he started commercial life by establishing his own import-export company. He is currently active in the real estate sector.

### Ahmet Faik PARALI (Member)

Born in Denizli in 1953, he completed his secondary and high school education at Tarhan College He serves as chairman of the board of directors and as member in companies such as Partaş Tekstil-İnşaat San. ve Tic. A.Ş., Trakya İplik Sanayi A.Ş., Birtaş Ticaret ve Pazarlama A.Ş., Nuh Pazarlama ve Ticaret A.Ş., PAR Gayrimenkul Yatırım A.Ş., Birlik Meyvecilik Ziraat ve Tarım Ürünleri San. Tic. A.Ş. ve Şark Sanayi Kumpanyası T.A.Ş.

### Ünal ESKİYAPAN (Member)

He was born in Istanbul in 1990 He completed his secondary and high school education at Eyüboğlu High School in Turkey. He completed his master's degree in the department of information systems at the University of East Anglia in England. He then completed the international trade department at Yeditepe University in Turkey. He started his business life in 2015 with Esu Gıda Sanayi ve Dış Ticaret Ltd. Sti. and is a producer in the food sector, as a main field of activity. In addition, engineering laboratory systems and equipment, ballistic glass and chips-crackers are the representatives of the world's leading companies in the sector.

### Emin HİSARCIKLIOĞLU (Member)

He was born in 1980, Ankara' He completed his secondary and high school education at TED Ankara College. He graduated from the University of Southern California, Los Angeles, USA, by completing the international business management sub-branch of the business department. He started his business life in Nuh Çimento San. A.Ş. as a member of the board of directors. Between 2005 and 2006, he was a member of the board of directors of Nuh Beton A.Ş. Between 2004 and 2011, he worked in different units of Eskihsar Group of Companies and established Tadek Eğitim A.Ş. in 2013. In addition, he is the honorary consulate of Kosovo in Kayseri and a council member of the Ankara Chamber of Commerce.



### **Yılmaz KÜÇÜKÇALIK (Member)**

He was born in Kayseri in 1963. He completed his secondary education at the private Saint Benoit French High School and his undergraduate education at Yıldız Technical University, Industrial Engineering in 1983. Today, he continues to serve as the Vice Chairman of the Board of Directors of the Küçükçalık Group of Companies. He is also the Chairman of the Board of Lux Velvet A.Ş., Emintaş Emlak İnşaat A.Ş. Member of the Board of Directors, Member of the Board of Kent Meydanı AVM.

### **Vahdettin ERTAS (Independent Member)**

He graduated from Ankara University, Faculty of Political Sciences in 1987. In 1991, he completed the Master's program at Hacettepe University, Department of Business Administration. He received his MBA degree from Lancaster University in England in 1996 and his Ph.D. degree from Hacettepe University Business Administration Department in 2012. Following his graduation from the Faculty of Political Sciences, he won the Assistant Specialist exam opened by the Capital Markets Board (SPK) in the same year. In 1997, was appointed to the Department of Institutional Investors, which regulates mutual funds and partnerships, real estate investment funds and partnerships, venture capital funds and partnerships and private pension funds, and conducts the business and transactions of these institutions. Between 2002-2005 April, he served as the Head of the Partnerships Finance Department, which regulates and conducts the activities and transactions of public companies such as public offerings, issuance of bonds and similar capital market instruments, mergers, spin-offs and calls. He served as the President of the Gold Exchange in 2005-2006. He was appointed as a Board Member to the Capital Markets Board in December 2006, and was appointed as the Chairman of the Board in December 2012 after completing his six-year duty as a Board member. He completed his five-year Presidential term in December 2017. During his tenure, he was a Member of the Tax Council, a member of the board of directors of the Natural Disasters Insurance Corporation (DASK), the Chairman of the Board of Directors of the Investor Compensation Fund, and the Chairman of the form that gathers the capital market regulatory authorities of Islamic Countries for five years. Currently, he is teaching graduate courses at universities, serving as a member of the board of directors at the Product Specialty Exchange of Turkey, as well as an independent board member and consultant in private sector organizations.

### **Ismail KÖKSAL (Independent Member)**

He was born in Afyonkarahisar in 1962. He graduated from Afyon High School in 1980 and from Bursa Uludağ University, Faculty of Economics and Administrative Sciences, Department of Economics in 1984. She trained in the UK between 1990-1991. He completed the Public Administration and European Union program at the Royal Institute of Public Administration. He completed his Master's degree at Gazi University, Institute of Social Sciences in 1992. He completed the qualification part of the doctoral program at Gazi University, Institute of Social Sciences in 1995. After winning the exam, he started to work as an Assistant Expert of the Prime Minister's Office in 1986. Having successfully completed his specialty thesis and proficiency exam, he received the title of Prime Ministry Specialist in 1989. He worked in the Prime Minister's Office until 1996. Later; Deputy Chairman of the Prime Ministry Family Research Institution in 1996-1998, Deputy Undersecretary of the Ministry of Tourism in 1999-2002, Chairman of the Board of Directors of Istanbul Lütfi Kırdar International Congress Center (UKTAŞ) in 1999-2001, Member of the Public Procurement Board in 2002-2003, in 2003-2010 Secretary General of the Union of Chambers and Commodity Exchanges of Turkey, Undersecretariat of Foreign Trade in 2003-2009, Member of the Executive Board of the Export Promotion Center (IGEME), Member of the European Union of Chambers of Industry and Commerce (EUROCHAMBERS) Budget Committee in 2005-2009, TOBB Economy in 2006-2009 He served as a Member of the Board of Trustees of the University of Technology and Technology and retired from the Prime Ministry in 2015.

### **Aclan ACAR (Independent Member)**

Aclan Acar started his working life at Halk Bank in 1974 and continued his banking career at the Central Bank of the Republic of Turkey since 1978 and worked in various departments of this institution until 1990. He started working in the Doğu Group in September 1990 His first position in the group was as Deputy General Manager of Garanti Bank. Between 1994 and 1996, he assumed the duty of General Manager of Bank Ekspres, which was acquired by Doğu Group. June 1996 after the acquisition of the Ottoman Bank by the Doğu Group, he was appointed as the General Manager of the Bank. Since April 2000, he has served as a Member of the Board of Directors and Executive Committee of Doğu Holding A.Ş. He was appointed as the Chairman of the Board of Directors of TANSAŞ as of 2001, and this duty ended in 2005 when TANSAŞ left the Group. Between 2002-2006, Garanti Sigorta A.Ş. and Garanti Pension A.Ş. He served as Chairman of the Board of Directors. Between February 2006 and March 2018, He served as Chairman of the Board of Directors for Doğu Otomotiv Servis Ticaret A.Ş. and Doğu Oto Pazarlama A.Ş. in March 2018 Doğu served as Chairman of the Board of Directors and CEO of the Publishing Group, and in December 2018 he left the Doğu Group. He has been serving as a Member of the Board of Directors of Türk Telekom since March 2019. He founded his own consulting company in 2019. Still acting as a member of the board of directors of Nuh Çimento San. A.Ş. and QUA Granit A.Ş. Aclan Acar also works as a consultant at Global Exchange A.Ş. Also between March 2002 - April 2005 served as an independent member of the board of directors for Tüpraş A.Ş., he still serves in the board of overseers in TED University and TED Istanbul College. Aclan Acar graduated from the Ankara Akademi of Economic and Commercial Sciences, Department of Business Administration and Accounting, and received his postgraduate degree in Banking and Insurance from the same faculty. He also did his graduate studies in Economics at Vanderbilt University in Nashville, Tennessee, USA in the period 1985-1986.

### **Tevfik KINIK (Independent Member)**

He graduated from the Faculty of Political Sciences of Ankara University and did his master's degree at Harvard University. He started his professional life in 1999 as an assistant specialist at the Capital Markets Board (CMB) and served as the Head of the Institutional Investors Department and Vice Chairman of the Board at the CMB. After that, he served as the deputy general manager responsible for capital markets and loans at Aktif Bank and the founding general manager at Simah Rating (Tassnief), the first local credit rating agency in Saudi Arabia. After that, he assumed the role of CEO at Demirören Holding. He is currently a member of the Board of Directors at BtcTurk Group companies, he also serves as an independent member of the board of directors at the Turkish Securitization Company and Nuh Çimento A.Ş

### **Elif Bilgehan MÜFTÜOĞLU (Independent Member)**

She was born in Ankara in 1974. She received her BA from the Middle East Technical University, Department of Geological Engineering and her master's degree in Geology High Technology Applications from the University of Cincinnati, USA. After working on Satellite Image Processing and Geographic Information Systems in the USA, she returned to Turkey and started to work as a network manager in the IT department of the Ministry of Treasury and Finance State Supply Office. She played a role in the establishment of the e-procurement and e-procurement systems of the office, worked as a project manager in the TOBB Software Development Department between 2007-2010. She is responsible for the E-Commerce Registry and Trade Registry Newspaper e-Archive project and has made technical reviews for current and draft legislation Decrees on e-commerce application, R&D project incentives in the e-communication sector, e-notification, personal data protection. Between 2010 and 2014, she worked as a member of the TOBB working group in the Intellectual Property Rights and R&D Technical Committee of the Coordination Board for Improving the Investment Environment. He was responsible for the preparation and implementation of action plans in accordance with existing policies and the needs of the private sector in order to take advantage of the R & D capacity of the private sector. During this time, he received an MBA degree from TOBB University of Economics and Technology with the graduation project "Economic Analysis of Technology Transfer". Since October 2014 he has been serving as the General Manager of GS1 Turkey. GS1 Turkey, one of the member organizations of The Belgium-based International Standards Organization GS1 located in 117 countries, offers the standards and solutions created to increase the efficiency of operations in the supply chain and to ensure traceability on the chain to the use of companies in our country, and also takes part in the GS1 European Region structure consisting of 49 member organizations. Elif Muftuoğlu as the General Manager of GS1 Turkey, who was first elected to the Board of Directors of the European Region consisting of 12 countries in 2016, She was also elected as the Vice President of the European Region in 2020. Currently, Elif Muftuoğlu, who holds the position of General Manager of GS1 Turkey, Vice President of GS1 Europe, is also a member of the board of directors of GDSN Inc, registered in the Delaware registry of the USA, which is a subsidiary of GS1 Head Office since the first quarter of 2021, and as an independent member of the board of directors of Nuh Çimento A.Ş. and is a member of the Information Technology Association of Turkey and the SpaceTURK-Space Research working group.





## STATEMENT OF INDEPENDENCE

I declare that I am a candidate to serve as an "Independent Member" to the board of the directors of Nuh Çimento Sanayi A.Ş (Company), under the conditions of the relevant regulations, articles of association, and within the scope of the criteria determined in the Corporate Governance Principles of the Capital Markets Board, I declare that;

a) I declare that there is no employment relationship in a managerial position that will assume important duties and responsibilities in the last five years, that more than 5% of the capital or voting rights or privileged shares are not owned jointly or individually, or that no significant commercial relationship has been established between the company, the partnerships in which the company has management control or significant influence, the partners holding the management control of the company or having significant influence in the company, and the legal entities over which these partners have management control, myself, my spouse and my relatives by blood and marriage up to the second degree;

b) I have not been, in the last five years, in companies where the company has purchased or sold significant services or products within the framework of the agreements made, especially in the audit (including tax audit, legal audit, internal audit), rating and consultancy of the company, in the periods when the service or product is purchased or sold , partner five percent or more), that I did not work in a managerial position to undertake important duties and responsibilities, or been a member of the board of directors;

c) I have the professional education, knowledge and experience to fulfill the duties I will undertake as required, due to that I am an independent member of the board of directors,

ç) In accordance with the legislation, I will not work full-time in public institutions and organizations after being elected as a member, except for university teaching membership,

d)The Income Tax Law dated 31/12/1960 and numbered 193 (G.V.K.) according to which I am considered settled in Turkey,

e)That I have strong ethical standards, professional reputation and experience that can make positive contributions to the company's activities, maintain my impartiality in conflicts of interest between the company and shareholders, and decide freely taking into account the rights of stakeholders,

f)That I can devote time to company affairs to the extent that I can follow the function of company activities and fully fulfill the requirements of the tasks I undertake,

g)That I have not been a member of the board of directors of the company for more than six years in the last ten years,

ğ) That I am not serving as an independent member of the board of directors in more than three of the companies in which the company or the partners who have management control of the company have management control, and in total in more than five of the companies listed on the stock exchange,

h) I declare that I have not been registered and announced on behalf of the legal entity elected as a member of the Board of Directors. December 13, 2022

**Vahdettin ERTAŞ**

## STATEMENT OF INDEPENDENCE

I declare that I am a candidate to serve as an "Independent Member" to the board of the directors of Nuh Çimento Sanayi A.Ş (Company), under the conditions of the relevant regulations, articles of association, and within the scope of the criteria determined in the Corporate Governance Principles of the Capital Markets Board, I declare that;

a) I declare that there is no employment relationship in a managerial position that will assume important duties and responsibilities in the last five years, that more than 5% of the capital or voting rights or privileged shares are not owned jointly or individually, or that no significant commercial relationship has been established between the company, the partnerships in which the company has management control or significant influence, the partners holding the management control of the company or having significant influence in the company, and the legal entities over which these partners have management control, myself, my spouse and my relatives by blood and marriage up to the second degree;

b) I have not been, in the last five years, in companies where the company has purchased or sold significant services or products within the framework of the agreements made, especially in the audit (including tax audit, legal audit, internal audit), rating and consultancy of the company, in the periods when the service or product is purchased or sold , partner five percent or more), that I did not work in a managerial position to undertake important duties and responsibilities, or been a member of the board of directors;

c) I have the professional education, knowledge and experience to fulfill the duties I will undertake as required, due to that I am an independent member of the board of directors,

ç) In accordance with the legislation, I will not work full-time in public institutions and organizations after being elected as a member, except for university teaching membership,

d)The Income Tax Law dated 31/12/1960 and numbered 193 (G.V.K.) according to which I am considered settled in Turkey,

e)That I have strong ethical standards, professional reputation and experience that can make positive contributions to the company's activities, maintain my impartiality in conflicts of interest between the company and shareholders, and decide freely taking into account the rights of stakeholders,

f)That I can devote time to company affairs to the extent that I can follow the function of company activities and fully fulfill the requirements of the tasks I undertake,

g)That I have not been a member of the board of directors of the company for more than six years in the last ten years,

ğ) That I am not serving as an independent member of the board of directors in more than three of the companies in which the company or the partners who have management control of the company have management control, and in total in more than five of the companies listed on the stock exchange,

h) I declare that I have not been registered and announced on behalf of the legal entity elected as a member of the Board of Directors. December 13, 2022

**İsmail KÖKSAL**



## STATEMENT OF INDEPENDENCE

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a) I declare that there is no employment relationship in a managerial position that will assume important duties and responsibilities in the last five years, that more than 5% of the capital or voting rights or privileged shares are not owned jointly or individually, or that no significant commercial relationship has been established between the company, the partnerships in which the company has management control or significant influence, the partners holding the management control of the company or having significant influence in the company, and the legal entities over which these partners have management control, myself, my spouse and my relatives by blood and marriage up to the second degree;

b) I have not been, in the last five years, in companies where the company has purchased or sold significant services or products within the framework of the agreements made, especially in the audit (including tax audit, legal audit, internal audit), rating and consultancy of the company, in the periods when the service or product is purchased or sold , partner five percent or more), that I did not work in a managerial position to undertake important duties and responsibilities, or been a member of the board of directors;

c) I have the professional education, knowledge and experience to fulfill the duties I will undertake as required, due to that I am an independent member of the board of directors,

ç) In accordance with the legislation, I will not work full-time in public institutions and organizations after being elected as a member, except for university teaching membership,

d)The Income Tax Law dated 31/12/1960 and numbered 193 (G.V.K.) according to which I am considered settled in Turkey,

e)That I have strong ethical standards, professional reputation and experience that can make positive contributions to the company's activities, maintain my impartiality in conflicts of interest between the company and shareholders, and decide freely taking into account the rights of stakeholders,

f)That I can devote time to company affairs to the extent that I can follow the function of company activities and fully fulfill the requirements of the tasks I undertake,

g)That I have not been a member of the board of directors of the company for more than six years in the last ten years,

ğ) That I am not serving as an independent member of the board of directors in more than three of the companies in which the company or the partners who have management control of the company have management control, and in total in more than five of the companies listed on the stock exchange,

h) I declare that I have not been registered and announced on behalf of the legal entity elected as a member of the Board of Directors. December 13, 2022

**Aclan ACAR**

## STATEMENT OF INDEPENDENCE

I declare that I am a candidate to serve as an "Independent Member" to the board of the directors of Nuh Çimento Sanayi A.Ş (Company), under the conditions of the relevant regulations, articles of association, and within the scope of the criteria determined in the Corporate Governance Principles of the Capital Markets Board, I declare that;

a) I declare that there is no employment relationship in a managerial position that will assume important duties and responsibilities in the last five years, that more than 5% of the capital or voting rights or privileged shares are not owned jointly or individually, or that no significant commercial relationship has been established between the company, the partnerships in which the company has management control or significant influence, the partners holding the management control of the company or having significant influence in the company, and the legal entities over which these partners have management control, myself, my spouse and my relatives by blood and marriage up to the second degree;

b) I have not been, in the last five years, in companies where the company has purchased or sold significant services or products within the framework of the agreements made, especially in the audit (including tax audit, legal audit, internal audit), rating and consultancy of the company, in the periods when the service or product is purchased or sold , partner five percent or more), that I did not work in a managerial position to undertake important duties and responsibilities, or been a member of the board of directors;

c) I have the professional education, knowledge and experience to fulfill the duties I will undertake as required, due to that I am an independent member of the board of directors,

ç) In accordance with the legislation, I will not work full-time in public institutions and organizations after being elected as a member, except for university teaching membership,

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e)That I have strong ethical standards, professional reputation and experience that can make positive contributions to the company's activities, maintain my impartiality in conflicts of interest between the company and shareholders, and decide freely taking into account the rights of stakeholders,

f)That I can devote time to company affairs to the extent that I can follow the function of company activities and fully fulfill the requirements of the tasks I undertake,

g)That I have not been a member of the board of directors of the company for more than six years in the last ten years,

ğ) That I am not serving as an independent member of the board of directors in more than three of the companies in which the company or the partners who have management control of the company have management control, and in total in more than five of the companies listed on the stock exchange,

h) I declare that I have not been registered and announced on behalf of the legal entity elected as a member of the Board of Directors. December 13, 2022

**Tevfik KINIK**





## STATEMENT OF INDEPENDENCE

I declare that I am a candidate to serve as an "Independent Member" to the board of the directors of Nuh Çimento Sanayi A.Ş. (Company), under the conditions of the relevant regulations, articles of association, and within the scope of the criteria determined in the Corporate Governance Principles of the Capital Markets Board, I declare that;

a) I declare that there is no employment relationship in a managerial position that will assume important duties and responsibilities in the last five years, that more than 5% of the capital or voting rights or privileged shares are not owned jointly or individually, or that no significant commercial relationship has been established between the company, the partnerships in which the company has management control or significant influence, the partners holding the management control of the company or having significant influence in the company, and the legal entities over which these partners have management control, myself, my spouse and my relatives by blood and marriage up to the second degree;

b) I have not been, in the last five years, in companies where the company has purchased or sold significant services or products within the framework of the agreements made, especially in the audit (including tax audit, legal audit, internal audit), rating and consultancy of the company, in the periods when the service or product is purchased or sold, partner five percent or more), that I did not work in a managerial position to undertake important duties and responsibilities, or been a member of the board of directors;

c) I have the professional education, knowledge and experience to fulfill the duties I will undertake as required, due to that I am an independent member of the board of directors,

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ğ) That I am not serving as an independent member of the board of directors in more than three of the companies in which the company or the partners who have management control of the company have management control, and in total in more than five of the companies listed on the stock exchange,

h) I declare that I have not been registered and announced on behalf of the legal entity elected as a member of the Board of Directors. December 13, 2022

**Elif Bilgehan MÜFTÜOĞLU**

**In accordance with the Evaluation of the Board of Directors on the Working Principles and Efficiency of the Committees of the Board of Directors** In line with the Corporate Governance Principles of the Capital Markets Board, which came into force on January 3, 2014, in order to ensure the healthy fulfillment of the duties and responsibilities of the Board of Directors, and with the decision no. 1762 on 13 April 2022;

- The Corporate Governance Committee shall consist of seven members, Mr. Vahdettin Ertaş shall be the chairman of the committee, Mr. İsmail Köksal, Mr. Aclan Acar, Mr. Mehmet Eskiyan, Mr. Sinan Yurtbilir, Mr. Emin Hisarcıkloğlu and Ms. Serap Aktaş shall be members,
- That the Early Detection of Risk Committee shall consist of five members, Mr. Vahdettin Ertaş shall be the chairman of the committee, Mr. İsmail Köksal, Mr. Tevfik Kınık, Mr. Ahmet Faik Paralı and Mr. Unal Eskiyan shall be members,
- The Audit Committee shall consist of five members, Mr. Vahdettin Ertaş shall be the chairman of the committee and Mr. İsmail Köksal, Mr. Tevfik Kınık, Mr. Aclan Acar and Ms. Elif Bilgehan Müftüoğlu shall be the members,
- The Nomination Committee should consist of five members, Mr. Vahdettin Ertaş shall be the chairman of the committee and Mr. İsmail Köksal, Mr. Fikret Eskiyan, Mr. Mehmet Eskiyan and Mr. Sinan Yurtbilir shall be the members.

Annual activities of the Committees of the Board of Directors;

- The Corporate Governance Committee met once in 2022, on February 23, 2022.
- The Early Detection of Risk Committee met six times in 2022 on dates February 23rd 2022, April 26th 2022, May 25th 2022, August 31st 2022, November 30th 2022, December 28th 2022.
- The Audit Committee met five times in 2022 on dates 23rd February 2022, March 1st 2022, May 10th 2022, August 19th 2022, and November 4th 2022.
- The Nomination Committee met twice in 2022 on dates January 20th 2022, December 13th 2022.

The Committees of the Board of Directors have submitted their reports to the Board of Directors containing information about their activities and the results of the meetings held during the year. The Board of Directors is of the opinion that the working principles and effectiveness of the Committees of the Board of Directors are benefited.

### Corporate Governance Committee

The Corporate Governance Committee was established to monitor the Company's compliance with corporate governance principles in accordance with the Capital Markets Board's Corporate Governance Principles, to carry out improvement studies on this issue and to submit recommendations to the Board of Directors. Currently there are 7 members, one of whom is the chairman. The Committee meets as often as required by the task assigned to it. It convened once in 2021. At the meetings, he checked the Corporate Governance Principles Compliance Report, reviewed the work of the Investor Relations Department and evaluated whether the candidates in the proposals for independent membership met the independence criteria and informed the Board of Directors about all these issues. The duties of the Remuneration Committee, which are included in the Corporate Governance Principles of the Capital Markets Board, are performed by the Corporate Governance Committee.

### Committee Responsible for Audit

The Committee Responsible for the Audit was established in accordance with the relevant provisions of the Capital Markets Board. It is responsible for ensuring healthy supervision of financial and operational activities. The purpose of the committee serving under the Board of Directors is to monitor the Company's financial and operational activities, to supervise and approve the accuracy of the annual and interim financial statements to be disclosed to the public, to ensure the selection of an independent audit company, to initiate an independent audit process by preparing independent audit contracts, to monitor the functioning and effectiveness of the internal control and internal audit system and to evaluate the findings obtained in relation to the internal control system. The chairman and members of the committee are elected from among the independent Members of the Board of Directors. The Audit Committee held five meetings in 2022.

### Early Detection of Risk Committee

The Early Detection of Risk Committee was established in accordance with the relevant provisions of the Capital Markets Board. The purpose of the Committee is to provide recommendations to the Board of Directors on the early detection, evaluation, calculation of the impact and probability of all kinds of risks that endanger the existence, development and continuation of the Company, managing these risks in accordance with the Company's corporate risk-taking profile, reporting, implementing the necessary measures related to the identified risks, taking them into account in decision-making mechanisms and integrating effective internal control systems accordingly.

In 2022, the Committee reviewed the risk management systems, identified the risks to be kept and managed in the Company, and supported the Board of Directors in identifying opportunities that could increase the effectiveness of the Company's activities. The Early Detection of Risk Committee has met six times in 2022.



## Nomination Committee

To evaluate candidate proposals for independent membership by considering whether the candidate meets the criteria of independence and to submit his/her evaluation to the board of directors by linking it to a report, to create a transparent system for identifying, evaluating and training suitable candidates for managerial positions with administrative responsibility and to determine policies and strategies in this regard, to conduct periodic evaluations about the structure and efficiency of the board of directors and to submit recommendations to the board of directors on changes that may be made on these issues. The Nomination Committee has convened twice in 2022.

## STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

In corporate governance practices, the Company pays utmost attention to compliance with the Capital Markets Board (CMB) Corporate Governance Principles, and in areas that cannot comply, the reasons and measures taken against conflicts of interest that may arise due to non-compliance with the principles are explained in the relevant sections of the Corporate Governance Compliance Report and the Corporate Governance Information Forum. The purpose of applying these principles is to strengthen the trust of all stakeholders of the Company.

The Company, which adopts the corporate governance approach as a principle, fully complies with the principles that are mandatory within the scope of the Corporate Governance Statement II-17.1 (Communiqué), while the vast majority of the non-mandatory principles have been complied with.

Although full compliance with the non-mandatory Corporate Governance Principles is also aimed, full compliance has not been achieved due to difficulties experienced in practice, country conditions in some principles, market and non-compliance with the Company's current structure. Our company has not received any information that any conflict of interest has occurred due to non-mandatory Principles not being fully complied with, and no determination has been made in this direction by the Corporate Governance Committee of our Company. Administrative, legal and technical infrastructure works are continuing for the principles that the company cannot implement, and it is planned to implement the missing principles when the work is completed.

The main topics of the discretionary principles that our Company cannot comply with from the Corporate Governance Principles are listed below.

- Donations and aids were included in the agenda of the general assembly with a separate agenda item. the information document for the general assembly meeting held in 2022 contains the total amount and the details of the highest consistent donations. (BMI 1.3.10)
  - Minority rights have not been granted to those who have a ratio of less than one twentieth of the capital by the articles of association, and rights have been provided within the framework of the general regulations in the legislation. (BMI 1.5.2)
  - The website has been prepared in accordance with the issues stated in the Corporate Governance Principles. Most of the site has been prepared in such a way that foreign investors can use it. (BMI 2.1.4)
  - There is no policy or procedure published on the corporate website regarding the rights of stakeholders. (BMI 3.1.3)
  - The participation of employees in the management is not regulated by the articles of association or internal regulations. (BMI 3.2.1)
  - There are no succession plans for all key executive positions at the company. (BMI 3.3.1)
  - Information meetings and trainings are held on health, education, occupational health and safety issues. (BMI 3.3.4)
  - The Chairman of the Board of Directors and the Chief Executive Officer of the Company are not the same person. However, it is not stated in the articles of association. (BMI 4.2.5)
  - A target and time has not been determined to ensure that the rate of female members in the Board of Directors is not less than 25%, and a policy has not yet been established to achieve this target. There is one female member on the board of directors. (BMI 4.3.9)
  - It is essential that the information and documents related to the issues to be included in the board of directors meeting are sent to all members before the meeting. However, there is no internal regulation for the minimum period of time. (BMI 4.4.2)
  - All members of the board of directors are informed about the manner in which the meetings of the board of directors will be held at the beginning of the year. However, there is no written internal company regulation specific to this issue. (BMI 4.4.5)
  - Members of the Board of Directors may take on other duties outside the company. It is not bound by certain rules and is not limited. (BMI 4.4.7)
  - The Members of the Board of Directors are necessarily involved in more than one committee due to the structure of the Board of Directors and the obligations required by the CMB Legislation. (BMI 4.5.5)
  - No special studies have been carried out for the purpose of performance evaluation at the board level. (BMI 4.6.1)
  - In accordance with the Law on the Protection of Personal Data No. 6698, it has been disclosed as a total amount instead of a disclosure on a person-by-person basis. (BMI 4.6.5)
- The Corporate Governance Compliance Report (URF) and the Corporate Governance Information Form (KYBF) for the year 2022, prepared in accordance with the CMB's Decision dated 10.01.2019 and numbered 2/49 and approved by Nuh Çimento's Board of Directors, were disclosed to the public on the Public Disclosure Platform within the period deemed appropriate by the CMB.

## Information about the Profit Distribution Policy

Our Company regulates the profit distribution pursuant to Capital Market Regulations, Turkish Commercial Code, tax regulations and Articles of Association article 26. There is no concession in the Articles of Association regarding participation in the company's profit.

On what date and in what manner the annual profit will be distributed to the stakeholders is decided by the General Assembly upon the proposal of the Board of Directors in accordance with the Capital Markets Law and the relevant regulations of the Capital Markets Board.

The dividend distribution proposal of the Company's Board of Directors is presented to the information of shareholders at the General Assembly every year as a separate agenda item. The annual profit distribution proposal, which contains the details stipulated in the profit distribution policy and CMB Corporate Governance Principles, is included in the annual report, submitted to the information of the stakeholders at the General Assembly and announced to the public on the Company's website.

From the profit for the period on the balance sheet for 2021 prepared in accordance with the Tax Procedure Law (VUK), a gross dividend of TL 322,959,240 was distributed to stakeholders as a gross 2.15 cents per share, starting from March 28, 2022.

## SENIOR MANAGERS

### **Kamil Gökhan BOZKURT / CEO**

Born in 1971, K. Gökhan Bozkurt completed his undergraduate education at the Department of Economics of Bilkent University and his master's degree at the Department of Economics of Johns Hopkins University (USA). Between 1999 and 2003, he held various positions in international financial institutions. In 2003, he served as the Head of the Foreign Relations and Subsidiaries Department at Ziraat Bank and was a Member of the Board of Directors of Ziraat Bank Moscow and Ziraat Bank International AG (Germany). Between 2004 and 2006, he worked as the Assistant General Manager responsible for Human Resources, Financial Institutions and International Banking at Halk Bank of Turkey. He managed the Halkbank - Pamukbank merger process. He has held various senior positions as Chairman of the Privatization Committee of Halkbank, Deputy Chairman of the Board of Directors of Birlik Sigorta and Deputy Chairman of the Board of Directors of SME Venture Capital Investment Trust. He joined Türk Telekom in 2006 as the Head of Human Resources and has served as the CEO of Türk Telekom since 2010. He has successfully managed the transformation process of Türk Telekom and its subsidiaries from a public company to international and competitive private companies. He has been serving as the Group CEO of Nuh Group since March 2013.

### **Halim TEKKEŞİN / General Manager**

He was born in Çankırı in 1971. He graduated from the Chemical Engineering Department of Middle East Technical University and the Department of Foreign Trade of Anadolu University. He also received training in finance and business administration at Kocaeli University. He started his business life in 1995 in Nuh Çimento Sanayi A.Ş., he started as an Operating Engineer and then continued as a senior manager at AS Çimento Sanayi A.Ş., SC Sanayi A.Ş., Nuh Yapı Ürünleri A.Ş. Finally he served as Aslan Çimento A.Ş General Manager. In addition to building materials such as cement, concrete, lime, aerated concrete and plaster, he has professional studies on renewable energy and obtaining energy from waste heat.

### **Ayhan İMAMOĞLU / CFO**

He was born in Germany in 1969. He graduated from Middle East Technical University, Department of Economics in 1994. served as a "Budget and Reporting Manager" in Alarko Contracting Group between 1996 and 2001; as "Budget, Planning and Financial Analysis Group Manager" in Alarko Holding A.Ş from 2002 to 2005, Responsible for the Entire Group of Companies; Worked as "MIS, Budget and Financial Control Manager" at Petrol Ofisi A.Ş between 2006 - 2009'He was CFO of Rixos Hotels between 2010-2013. He possesses a SMMM (Certified Public Accountant and Financial Consultant) certificate and his specialties include holding, construction / contracting, energy, tourism, real estate and industrial sectors. He has been serving as the CFO of Nuh Çimento Group since October 2015.

## RISK MANAGEMENT AND EVALUATION OF THE BOARD OF DIRECTORS

### **A. Risk management**

The main goals of Nuh Çimento in risk management are to be able to foresee, manage, monitor potential risks in advance, to create the necessary action plans in terms of risk and crisis management in advance. The Board of Directors, the Committee Responsible for Early Detection of Risk and Audit and the Senior Management of the Company are regularly informed about the risks.

The Early Detection of Risk Committee is chaired by Mr. Vahdettin Ertas, an independent member of the Board of Directors. The other members of the Committee consist of Independent Board Members Mr. İsmail Köksal and Mr. Tefik Kınık, as well as Board members Mr. Ünal Eskiyaşan and Mr. Ahmet Faik Paralı. The Early Detection of Risk Committee held 6 meetings in 2022 and informed the Board of Directors about the decisions taken.

The Early Detection of Risk Committee makes recommendations to the Board of Directors on compliance with Article 378 of the Turkish Commercial Code No. 6102, which entered into force on July 1, 2012, and early detection, evaluation, calculation of effects and probabilities of risks that may affect the Company, managing these risks in accordance with the company's corporate risk appetite, reporting, taking necessary measures to reduce the effects and probabilities of identified risks, and creating effective internal control systems accordingly.

The three main risk categories and the actions taken that may affect Nuh Çimento's achievement of its goals are summarized below.





## Nuh Çimento Risk Categories

1. Financial Risks
2. Operational Risks
3. Strategic Risks

### 1. Financial Risks

Within the scope of financial risks, the Company manages exchange rate, interest rate and liquidity and counterparty risks. The Company closely follows national and international economic developments and takes the necessary measures by taking into account the impact of economic developments on assets and liabilities.

**Currency Risk:** Foreign exchange risk may arise in Nuh Çimento due to reasons such as the import of fuel, raw materials and machine reserves.

On the other hand, the Company provides protection from the negative effects of the exchange rate with the export agreements it has made. With the prohibition of limits imposed on loans denominated in Turkish lira, foreign currency loans have been directed. Forward and eurobond contracts have been made in order to protect against the exchange rate risk that may occur.

**Interest Rate Risk:** The basic approach of the company in interest rate risk management is to create a financial asset-liability portfolio with a balanced interest structure. In order to manage the interest rate risk, the amount, maturity and interest rates of interest-sensitive assets and liabilities are carefully monitored and balanced in favor of the Company. The entire loan portfolio consists of fixed-interest loans.

**Liquidity and Counterparty Risk:** The basic approach to managing liquidity risk is to have ready-made resources that can fulfill financial obligations at an adequate level and on time. The company currently holds enough cash to cover a significant portion of short-term foreign resources. Trade receivables are tracked within the guarantee limits and the compliance of the debt-receivable day numbers with the days stipulated in the budget is monitored.

### 2. Operational Risks

Within the scope of operational risks, the Company manages occupational health and safety, environmental risks, information security and external risks. Operational risk efforts, which basically aim at the safe management of operations, also aim at compliance with laws and regulations and the protection of physical assets.

**Occupational Health and Safety / Environmental Risks:** Environmental risks and occupational health and safety risks are among the areas that the Company focuses on with sensitivity. Nuh Çimento, which operates in a sector where the risks of occupational accidents are high, is constantly supported by training, implementation, audit and improvement studies in accordance with the ISO 45001 Occupational Health and Safety Management System and Occupational Health and Safety Law No. 6331 implemented within its structure. The company ensures that its employees are constantly informed about occupational safety issues, changes in legislation are shared with the entire organization, OSH figures are constantly included in company goals, the number of inspections, imminent notification, acceptance of the number of non-compliance values as a priority, regular field inspection reports, technical analyses that investigate how accidents happen, not why. The national and international agenda on the risk of climate change is closely followed. The company's environmental activities are managed within the scope of ISO 14001 Environmental Management System and Policy, especially the relevant legislation. The Company calculates its emissions in accordance with the Regulation on the Monitoring of Greenhouse Gas Emissions and the Statement on the Monitoring and Reporting of Greenhouse Gas Emissions. The validity of the environmental permits and licenses required for the continuation of the activities has been ensured. At Nuh Çimento Facilities, energy efficiency and recovery, in addition to the use of alternative raw materials and fuels, water, waste and biodiversity management are issues of strategic importance for the company. **Information Security:** The Information Technology Directorate, business process managers, auditors and legal units work closely together to determine the values of critical information systems. Periodic backups are made and measures are taken to prevent the loss of corporate information. The company has ISO 27001 Information Security Management System certificate since 2016. By following the findings obtained as a result of internal and external audits carried out regularly, corrective actions are planned and risk reduction activities are carried out.

**External Risks:** The company conducts studies on risks arising from natural disasters, national and international economic risks and political risks as external risks that it may encounter during its operations. Emergency and business continuity plans are being prepared in relation to the possible natural disaster risks that may be encountered, exercises are being conducted to minimize the risks that may occur in emergency situations and to intervene with methods that achieve the goal. In addition, assets are insured against natural disaster risks.

### 3. Strategic Risks

Nuh Çimento's strategic risks consist of sales, supply chain, investment and project compliance risks that may create obstacles in front of the Company's short, medium and long-term strategies. Legal risks and opportunities are evaluated and followed up with management and legal consultants in terms of compliance with current laws, regulations, standards. In order to keep the risks caused by legal disputes due to insufficient or incorrect information or personnel's failure to fulfill these obligations on time to a minimum, the relevant departments are informed according to the hierarchy within themselves. In order to prevent the negative effects of customer preferences, international standards are followed.

## B. Internal Control System and Internal Audit

The internal control system has been established to ensure that the company's activities are carried out regularly and efficiently in accordance with the company's policies, assets are protected, errors and cheats are detected and prevented, accounting records are complete and accurate, reliable financial information is prepared on time and achieves its goals. There is an Internal Audit Unit affiliated to the Chairman of the Board of Directors within the Company. The Internal Audit Unit conducts regular internal audit activities within the framework of the tasks assigned to them, and audit determinations are put on the agenda without wasting time, ensuring that the necessary corrective measures are implemented. The Audit Committee, which is a subcommittee of the company's board of directors, periodically monitors all internal control and internal audit activities, reviews and approves annual audit plans. The Committee transmits the necessary recommendations to the Board of Directors and gives opinions on the appropriateness of the financial reports. The accounting accounts and financial statements are examined by the Audit Committee and the Audit Group Presidency, as well as subject to audit by the independent audit company DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Deloitte Touche Tohmatsu Limited).



#### **OTHER EXPLANATIONS REQUIRED BY LEGISLATION**

Information about the transactions made by the members of the board of directors with the company or on behalf of someone else within the framework of the permission granted by the general assembly of the company and the activities covered by the prohibition of competition The Members of the Board of Directors of the Company have not made transactions with the company and have not made attempts to compete in the same areas of activity.

There are no amendments to the articles of association made during the period.

There is no information regarding the own shares acquired by the Company.

There are no explanations related to the private audit and public audit conducted during the accounting period.

Explanations regarding the administrative and judicial sanctions imposed on the company and the members of the board of directors due to practices contrary to the provisions of the legislation  
There are no administrative or judicial sanctions applied against the company and the members of the management body due to practices contrary to the provisions of the legislation.

Information and assessments on whether the goals set in previous periods have been achieved, whether the decisions of the general assembly have been fulfilled, if the goals have not been achieved or the decisions have not been fulfilled, the budget goals set in previous periods have been achieved, the decisions of the general assembly have been fulfilled.

There is no information about the extraordinary general assembly held during the year.

#### **Transactions with Related Parties**

We carry out commercial activities in the form of purchase and sale of goods and services between our company and our subsidiaries. Our relations are realized in market conditions. Both our purchases and sales are decided by reviewing the market prices, quality and delivery possibilities, which are formed according to the transaction volume and the continuity of the business.

The amount of sales of goods and services in 2022 made by one of our subsidiaries Nuh Beton A.Ş is 334.266.822 TL. The amount of sales of goods and services in 2022 made to one of our subsidiaries Nuh Yapı Ürünleri A.Ş is 141,842,411 TL. Existing sales of goods and services are not within the scope of widespread and continuous asset, service and liability transfers that can be evaluated within the framework of the Capital Markets Board's Statement No. II-17.1. These transactions were carried out taking into account market conditions.

#### **Determination and evaluation of the board of directors regarding whether the company's capital remains unrequited and whether it is submerged in debt**

The company's capital has not remained unrequited and it is not submerged in debt.

#### **Measures being considered to improve the financial structure of the company**

It is assumed that the Company's current working capital, financial structure and liquidity are sufficient and do not require any measures to be taken. The financial structure is managed effectively by planning the cash inflows and their needs.

There are no explanations related to events of special importance that occur after the end of the operating year and may affect the rights of partners, creditors and other relevant persons and organizations.

There are no legislative changes that may significantly affect the company's activities.

If the capital of a capital company has shares in the amount that reaches the limits set out in the legislation, or if its shares fall below these percentages, this situation and its justification do not change in 2022, which reaches and falls below these limits.

Information about the shares of the enterprises included in the Group in the capital of the parent company The enterprises included in the group do not have a share in the capital of the parent company.

#### **The company receives services on issues such as investment consultancy and rating:**

When selecting the organizations from which the Company receives services, the Company acts in accordance with the relevant capital market regulations and takes the necessary measures to prevent possible conflicts of interest. There is no conflict of interest between the company and the organizations from which it receives service, during or after the service period. In the first months of 2023, the credit rating agency JCR Eurasia Rating (JCR-ER) upgraded Nuh Çimento Sanayi A.Ş.'s long-term national rating to "AA+ (tr)", short-term national rating to "J1+ (tr)", and long-term international determined the foreign currency rating as "BB" and the long-term international local currency rating as "BB".

# NUH ÇİMENTO SANAYİ A.Ş. AND SUBSIDIARIES

## The Consolidated Financial Statements and the Independent Auditor's Report Prepared as of December 31, 2022

01. MESSAGE TO OUR  
STAKEHOLDERS

02. OUR CORPORATE  
PROFILE

03. NUH ÇİMENTO  
WITH NUMBERS

04. STRATEGY AND  
MANAGEMENT

05. SUSTAINABILITY  
MANAGEMENT

06. OUR ECONOMIC  
PERFORMANCE

07. OUR SOCIAL  
PERFORMANCE

08. OUR ENVIRONMENTAL  
PERFORMANCE

09. ANNEXES





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

**INDEPENDENT AUDITOR'S REPORT**

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

**A) Audit of the Consolidated Financial Statements**

**1) Opinion**

We have audited the consolidated financial statements of Nuh Çimento Sanayi A.Ş. (“the Company”) and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (“TFRS”).

**2) Basis for Opinion**

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

**3) Key Audit Matters**

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

<b>Key Audit Matter</b>	<b>How the matter was addressed in the audit</b>
<p><b>Revenue recognition</b></p> <p>While conducting its assessments, the Group management takes into account the detailed conditions set out in TFRS 15 regarding the fulfilment of performance obligations and recognition of the transaction costs allocated to them as revenue, in particular whether the control of goods and services have passed to the customer.</p> <p>Revenue is important in terms of the amount of the financial statements and the measurement of the Company's performance.</p> <p>The Group recognizes revenue by analyzing whether the significant risks and rewards are transferred to the buyer according to the delivery terms of export sales.</p> <p>In this context, revenue recognition has been determined as one of the key audit matters since determining whether the revenue recognition criteria are met as well as determining whether the revenue is recorded in the financial statements in the correct period requires significant judgment of management.</p> <p>Disclosure of the Group’s revenue recognition accounting policies and balances are presented in Note 2 and Note 20.</p>	<p>We performed the following procedures in relation to the revenue recognition:</p> <ul style="list-style-type: none"> <li>• The design and implementation of the controls on the revenue process have been evaluated. The Group's sales and delivery procedures have been analyzed.</li> <li>• Terms of trade and delivery with respect to contracts made with customers have been examined and the timing of revenue recognition in the financial statements for the different shipment arrangements has been assessed.</li> <li>• For substantive procedures, special emphasis is given for transactions where the goods billed but revenue has not been earned. Customers with the longest delivery period have been identified among the existing customers of the Group and a date range has been determined and sales lists have been provided from the relevant departments. The control of the completeness and accuracy of these lists have been tested.</li> </ul> <p>In addition, we assessed the adequacy of the disclosures in Note 20 under TFRS.</p>



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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control).
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

#### B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 31 January 2023.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period 1 January - 31 December 2022 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

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

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

#### Additional paragraph for convenience translation to English

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

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

Ali Çiçekli  
Partner

Istanbul, 31 January 2023





## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

		Current Period 31 December 2022	Prior Period 31 December 2021
<b>ASSETS</b>			
<b>Current Assets</b>		<b>3,558,795,877</b>	<b>1,648,247,014</b>
Cash and Cash Equivalents	33	1,143,706,177	553,884,272
Financial Investments	28	148,105,189	7,767,675
Trade Receivables	6	876,729,355	424,520,781
<i>Trade Receivables from Related Parties</i>	5	-	17,800
<i>Trade Receivables from Third Parties</i>		876,729,355	424,502,981
Other Receivables	7	153,254,322	54,775,851
<i>Other Receivables from Third Parties</i>		153,254,322	54,775,851
Inventories	9	980,282,096	434,301,351
Prepaid Expenses	10	70,077,943	109,183,396
Current Tax Assets	26	8,989,288	199,957
Other Current Assets	8	177,651,507	63,613,731
<b>Non-Current Assets</b>		<b>3,384,030,456</b>	<b>1,824,989,003</b>
Trade Receivables		-	9,224,625
<i>Trade Receivables from Third Parties</i>	6	-	9,224,625
Other Receivables		3,510,584	2,039,034
<i>Other Receivables from Third Parties</i>	7	3,510,584	2,039,034
Financial Investments	28	1,110,273,178	528,950,900
Investment Properties	11	186,693,842	193,887,280
Property, Plant and Equipment	12	1,269,069,841	804,057,072
Right-of-Use Assets	14	43,981,913	22,111,254
Intangible Assets		47,429,206	42,956,443
<i>Goodwill</i>	15	17,348,274	17,348,274
<i>Other Intangible Assets</i>	13	30,080,932	25,608,169
Prepaid Expenses	10	61,208,501	31,130,998
Deferred Tax Asset	26	657,847,627	186,196,931
Other Non-Current Assets	8	4,015,764	4,434,466
<b>TOTAL ASSETS</b>		<b>6,942,826,333</b>	<b>3,473,236,017</b>

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

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

		Current Period 31 December 2022	Prior Period 31 December 2021
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>		<b>1,923,175,539</b>	<b>844,945,772</b>
Short-Term Borrowings	28	647,446,634	248,000,000
Short-Term Portions of Long-Term Borrowings	28	394,272,492	159,639,079
Lease Payables	28	6,199,388	1,943,928
Trade Payables	6	644,831,661	269,988,577
<i>Trade Payables to Third Parties</i>		644,831,661	269,988,577
Payables Related to Employee Benefits	17	24,019,245	9,527,928
Other Payables	7	28,637,624	22,389,733
<i>Other Payables to Third Parties</i>		28,637,624	22,389,733
Deferred Income	10	89,759,021	61,355,041
Current Income Tax Liability	27	49,905,197	46,001,093
Short-Term Provisions		33,332,247	25,803,966
<i>Short-Term Provisions for Employee Benefits</i>	17	14,666,519	5,864,583
<i>Other Short-Term Provisions</i>	16	18,665,728	19,939,383
Other Current Liabilities	18	4,772,030	296,427
<b>Non-Current Liabilities</b>		<b>477,201,485</b>	<b>456,440,210</b>
Long-Term Liabilities	28	209,884,714	312,655,357
Lease Liabilities	28	43,046,881	23,044,387
Long-Term Provisions		186,447,271	75,241,310
<i>Long-Term Provisions for Employee Benefits</i>	17	172,849,211	68,273,836
<i>Other Long-Term Provisions</i>	16	13,598,060	6,967,474
Deferred Tax Liability	26	37,822,619	45,499,156
<b>EQUITY</b>		<b>4,542,449,309</b>	<b>2,171,850,035</b>
<b>Equity Attributable to Equity Holders of the Parent</b>		<b>4,542,443,880</b>	<b>2,171,842,472</b>
Paid-in Share Capital	19	150,213,600	150,213,600
Capital Adjustments Differences	19	39,338,145	39,338,145
Accumulated Other Comprehensive Income (Expenses)			
that will not be Reclassified to Profit or Loss		697,738,966	90,796,422
- <i>Gains from investments to equity-based financial instruments</i>		757,585,199	99,341,944
- <i>Loss on remeasurement of defined benefit plans</i>		(59,846,233)	(8,545,522)
Restricted Reserves Appropriated from Profit	19	507,442,693	467,909,963
Prior Years' Profit		1,061,092,372	781,156,726
Net Profit for the Period		2,086,618,104	642,427,616
<b>Non-Controlling Interest</b>		<b>5,429</b>	<b>7,563</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>6,942,826,333</b>	<b>3,473,236,017</b>

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

01. MESSAGE TO OUR STAKEHOLDERS

02. OUR CORPORATE PROFILE

03. NUH ÇİMENTO WITH NUMBERS

04. STRATEGY AND MANAGEMENT

05. SUSTAINABILITY MANAGEMENT

06. OUR ECONOMIC PERFORMANCE

07. OUR SOCIAL PERFORMANCE

08. OUR ENVIRONMENTAL PERFORMANCE

09. ANNEXES



## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

### AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

	Notes	Current Period 1 January- 31 December 2022	Prior Period 1 January- 31 December 2021
<b>PROFIT OR LOSS</b>			
Revenue	20	7,739,080,394	2,493,229,032
Cost of Sales (-)	20	(5,574,126,255)	(1,794,543,838)
<b>GROSS PROFIT</b>		<b>2,164,954,139</b>	<b>698,685,194</b>
General Administrative Expenses (-)	21	(212,488,049)	(141,092,155)
Marketing Expenses (-)	21	(188,425,154)	(76,476,667)
Research and Development Expenses (-)	21	(326,869)	(15,691)
Other Income from Operating Activities	23	89,000,133	110,028,891
Other Expenses from Operating Activities (-)	23	(68,738,296)	(54,885,200)
<b>OPERATING PROFIT</b>		<b>1,783,975,904</b>	<b>536,244,372</b>
Income from Investing Activities	24	191,897,140	46,783,275
Expenses from Investing Activities (-)	24	(8,508,749)	(5,539,656)
<b>OPERATING PROFIT BEFORE FINANCE INCOME / (EXPENSES)</b>		<b>1,967,364,295</b>	<b>577,487,991</b>
Finance Income	25	256,919,227	263,945,713
Finance Expenses (-)	25	(327,195,948)	(193,380,722)
<b>PROFIT BEFORE TAX</b>		<b>1,897,087,574</b>	<b>648,052,982</b>
<b>Tax Income / (Expense)</b>		189,528,396	(5,621,220)
Current Tax Expense	26	(311,009,423)	(159,734,830)
Deferred Tax Income	26	500,537,819	154,113,610
<b>PROFIT FOR THE PERIOD</b>		<b>2,086,615,970</b>	<b>642,431,762</b>
<b>Profit for the Period Attributable to</b>			
Non-Controlling Interests		(2,134)	4,146
Equity of the Parent Company		2,086,618,104	642,427,616
<b>Earnings per share</b>	27	13.89	4.28

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

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

### AUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

	Notes	Current Period 1 January- 31 December 2022	Prior Period 1 January- 31 December 2021
<b>PROFIT FOR THE PERIOD</b>		<b>2,086,615,970</b>	<b>642,431,762</b>
<b>OTHER COMPREHENSIVE (EXPENSES) / INCOME:</b>			
<b>Items that will be Reclassified to Profit or Loss</b>			
<b>Items that will not be Reclassified to Profit or Loss</b>		<b>606,942,544</b>	<b>(44,146,979)</b>
Remeasurement (Losses) of Defined Benefit Plans	17	(64,125,889)	-
Remeasurement (Losses) of Defined Benefit Plans, Tax Effect		12,825,178	-
Earnings from Investments in Equity-Based Financial Instruments		692,887,637	(46,470,767)
Tax (Expense) / Income Regarding Other Comprehensive Expenses		(34,644,382)	2,323,788
<b>OTHER COMPREHENSIVE INCOME / (EXPENSES)</b>		<b>606,942,544</b>	<b>(44,146,979)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>2,693,558,514</b>	<b>598,284,783</b>
<b>Total Comprehensive Income Attributable To:</b>		<b>2,693,558,514</b>	<b>598,284,783</b>
Non-Controlling Interests		(2,134)	4,146
Equity of the Parent Company		2,693,560,648	598,280,637

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



AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

	Accumulated Other Comprehensive Income or Expenses that will not be Reclassified Subsequently to Profit or Loss		Retained Earnings		Total Equity Attributable to the Parent	Non-Controlling Interests	Equity		
	Capital Adjustment	Gain / (Loss) on Remeasurement of Defined Benefit Plans	Gains from Investments in Equity Financial Instruments	Restricted Reserves Appropriated from Profit				Prior Years' Profit	Net Profit for the Period
<b>Balances as of 1 January 2021</b>	150,213,600	39,338,145	143,488,923	339,342,867	564,794,480	570,249,742	1,798,882,235	3,417	1,798,885,652
Transfers	-	-	-	128,567,096	441,682,646	(570,249,742)	-	-	-
Total Comprehensive Income	-	-	(44,146,979)	-	(225,320,400)	642,427,616	598,280,637	4,146	598,284,783
Dividends	-	-	-	-	-	-	(225,320,400)	-	(225,320,400)
<b>Balances as of 31 December 2021</b>	150,213,600	39,338,145	99,341,944	467,909,963	781,156,726	642,427,616	2,171,842,472	7,563	2,171,850,035
<b>Balances as of 1 January 2022</b>	150,213,600	39,338,145	99,341,944	467,909,963	781,156,726	642,427,616	2,171,842,472	7,563	2,171,850,035
Transfers	-	-	-	39,532,730	602,894,886	(642,427,616)	-	-	-
Total Comprehensive Income	-	-	658,243,255	-	(322,959,240)	2,086,618,104	2,693,560,648	(2,134)	2,693,558,514
Dividends	-	-	-	-	-	-	(322,959,240)	-	(322,959,240)
<b>Balances as of 31 December 2022</b>	150,213,600	39,338,145	757,585,199	507,442,693	1,061,092,372	2,086,618,104	4,542,443,880	5,429	4,542,449,309

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

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

	Notes	Current Period 1 January- 31 December 2022	Prior Period 1 January- 31 December 2021
<b>A. Cash Flows from Operating Activities</b>			
<b>Profit for the Period</b>		<b>2,086,615,970</b>	<b>642,431,762</b>
<b>Adjustments Related to Reconciliation of Net Profit for the Period</b>			
Adjustments Related to Depreciation and Amortisation		121,645,274	91,544,083
Adjustments Related to Impairment (Reversal)			
- Adjustments Related to Impairment in Receivables	6	13,295,813	5,962,709
Adjustments Related to Provisions			
- Adjustments Related to Legal Claims	16	(636,543)	767,907
- Adjustments Related to (Reversal of) Provisions Allocated Within the Framework of Sectoral Requirements	16	6,630,586	2,322,138
- Adjustments Related to Provision for Employee Benefits	17	56,204,404	23,098,760
Adjustments Related to Tax Income / Expense	26	(189,528,396)	5,621,220
Adjustments Related to Unrealized Foreign Currency Translation Differences		159,351,036	113,666,947
Adjustments Related to Tax (Income) and Expense			
- Adjustments Related to Interest Income	24-25	(54,272,970)	(23,185,474)
- Adjustments Related to Interest Expense	25	116,250,373	26,285,194
- Deferred Financing Expense from Forward Purchases		(5,161,005)	-
- Unearned Finance Income from Forward Sales		6,626,884	-
Gain on Disposal of Non-Current Assets			
- Adjustments Related to Gain on Disposal of Property, Plant and Equipment	24	(12,962,574)	(4,894,865)
- Adjustments Related to Gain on Disposal of Investment Properties	24	(5,031,831)	(528,369)
		<b>2,299,027,021</b>	<b>883,092,012</b>
<b>Changes in working capital</b>			
- Adjustments Related to Increase in Inventories		(545,980,745)	(289,211,955)
- Adjustments Related to Increase in Trade Receivables		(462,906,646)	(129,770,893)
- Adjustments Related to Increase in Other Receivables from Operating Activities		(201,160,690)	(195,244,175)
- Adjustments Related to Decrease in Trade Payables		380,004,089	48,758,422
- Adjustments Related to Decrease in Other Payables from Operating Activities		55,302,397	47,355,170
		<b>1,524,285,426</b>	<b>364,978,581</b>
<b>Net Cash Flows Generated from Operating Activities</b>			
Taxes Paid>Returns	26	(318,886,664)	(134,368,245)
Legal Claims Paid	16	(637,112)	(1,023,518)
Employee Benefits Paid	17	(6,952,982)	(4,196,898)
		<b>1,197,808,668</b>	<b>225,389,920</b>
<b>B. Cash Flows from Investing Activities</b>			
Cash Outflows from Purchases of Property, Plant and Equipment and Intangible Assets	12, 13	(590,603,455)	(233,865,570)
Cash Inflows from Sales of Property, Plant and Equipment and Intangible Assets	12, 24	22,580,640	5,298,011
Cash Inflows from Sales of Investment Properties	11, 24	7,840,507	2,028,626
Other cash inflows/outflows		(13,620,451)	10,285,773
		<b>(573,802,759)</b>	<b>(216,253,160)</b>
<b>C. Cash Flows from Financing Activities</b>			
Dividend Paid	19	(322,959,240)	(225,320,400)
Interest Paid		(124,476,911)	(16,729,357)
Cash Inflows / (Outflows) from Borrowings, net	28	387,461,565	303,283,425
Cash Outflows from Repayment of Lease Liabilities	28	(13,354,421)	(4,139,836)
Interest Received		39,145,003	23,185,474
		<b>(34,184,004)</b>	<b>80,279,306</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECTS OF FOREIGN CURRENCY TRANSLATION DIFFERENCES (A+B+C)</b>		<b>589,821,905</b>	<b>89,416,066</b>
<b>D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	33	553,884,272	464,468,206
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)</b>	33	<b>1,143,706,177</b>	<b>553,884,272</b>

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



## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 1. ORGANIZATION AND OPERATIONS OF THE GROUP

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

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

The Company is registered with the Capital Markets Board (“CMB”) and 16.21% of its shares are open to the public. It has been traded on Borsa Istanbul (“BIST”) since 24 February 2000.

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

As of 31 December 2022 and 2021, the average number of personnel of the Group is categorized as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Blue collar	1,024	932
White collar	322	316
	1,346	1,248

The immediate parent and ultimate controlling party of the Group are Nuh Ticaret Sanayi ve Ticaret A.Ş. and Partas Tekstil İnşaat Sanayi ve Ticaret A.Ş., respectively.

Shareholders	31 December 2022	31 December 2021
Nuh Ticaret Sanayi ve Ticaret A.Ş.	%44,13	%44,13
Partaş Tekstil İnşaat Sanayi ve Ticaret A.Ş.	%16,32	%16,32
Listed	%16,21	%16,18
Other (*)	%23,34	%23,37
Total Shares	100%	100%

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

#### Approval of the Consolidated Financial Statements:

The consolidated financial statements have been approved for issue by the Board of Directors 31 January 2023. General Assembly has power to change the Group’s consolidated financial statements.

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### **Subsidiaries:**

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

#### Nuh Beton A.Ş. (“Nuh Beton”)

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

In order to get better organized in the rapid developing ready-mixed concrete sector, the facilities separated from Nuh Çimento and Nuh Beton A.Ş. (Nuh Beton) was established in 1995. Besides, approximately 87 thousand m<sup>2</sup> shopping center and hotel constructions on the land owned by Nuh Beton in Bostancı were finalized in and carried to financial statements as investment property.

#### Nuh Yapı Ürünleri A.Ş. (“Nuh Yapı”)

A lime factory with a capacity of 160,000 m<sup>3</sup>/year within the body of Nuh Çimento in 1984, and a gas concrete brick plant with a capacity of 160,000 tons/year in 1996, became operational.

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

Nuh Yapı completed the construction of aerated concrete block production facility, in 2008 with an annual capacity of 400,000 m<sup>3</sup>, which was started in 2007. Besides, the limestone production facility whose investment started in 2007 was completed at the end of 2010 with an annual quicklime production capacity of 212,000 tons.

#### Nuh Gayrimenkul İnşaat A.Ş. (Nuh Gayrimenkul)

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

#### Çim-Nak Taşımacılık Limited Şirketi (Çim-Nak)

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

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

#### Navig Holding Trade B.V. (Navig)

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

#### Nuh Agro Tarım A.Ş. (Nuh Agro)

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





## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### Joint ventures and associates

##### Oyak Çimento Fabrikaları A.Ş. (“Oyak Çimento”)

The increase in value of 4.45% of Oyak Çimento shares owned by the Group as TL 658,243,255 between 1 January 2022 and 31 December 2022 has been accounted for under the earnings from investments in equity instruments in the statement of other comprehensive income. As of 31 December 2022, the value of Oyak Çimento in financial assets is TL 1,110,273,178.

### 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### 2.1 Basis of Presentation

##### Statement of Compliance with TFRS

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

In addition, the financial statements have been prepared in accordance with “Announcement on TFRS Taxonomy” published by POA on 15 April 2019 and with the “Examples of Financial Statements and the User Guide” issued by CMB.

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

##### Going concern

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

##### Currency Used

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

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### 2.1 Basis of Presentation (cont'd)

##### Restatement of financial statements during periods of high inflation

In accordance with the CMB's decision dated 17 March 2005 and numbered 11/367, for companies operating in Turkey and preparing financial statements in accordance with Turkish Financial Reporting Standards, the application of inflation accounting has been terminated as of 1 January 2005. Accordingly, as of 1 January 2005, the Standard No. 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 December 2022 in accordance with TAS 29.

##### Comparative Information and Restatement of Prior Period Consolidated Financial Statements

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

##### Periodicity

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

##### Basis of consolidation

The details of the Company and its subsidiaries as of 31 December 2022 and 2021 are as follows:

Subsidiaries	Location	Currency	Share (%)	
			31 December 2022	31 December 2021
Nuh Beton A.Ş.	Turkey	TL	100%	100%
Nuh Yapı Ürünleri A.Ş.	Turkey	TL	100%	100%
Çim-Nak Taşımacılık Limited Şirketi	Turkey	TL	99.99%	99.99%
Nuh Gayrimenkul İnşaat A.Ş.	Turkey	TL	100%	100%
Navig Holding Trade B.V.	Netherlands	Euro	100%	100%
Nuh Agro Tarım A.Ş.	Turkey	TL	85%	85%

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



## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### 2.1 Basis of Presentation (cont'd)

##### Basis of Consolidation (cont'd)

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

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

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

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

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

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

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

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

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

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### 2.1 Basis of Presentation (cont'd)

##### Basis of Consolidation (cont'd)

##### Changes in the Group's ownership interests in existing subsidiaries

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

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

##### Investments in associates and joint ventures:

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

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

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

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





## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### 2.2 Changes in Accounting Policies

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

#### 2.3 Changes in Accounting Estimates and Errors

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

#### 2.4 New and Amended Turkish Accounting Standards

##### a) Amendments that are mandatorily effective from 2022

Amendments to TFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to TAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to TAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to TFRS Standards 2018-2020	<i>Amendments to TFRS 1, TFRS 9 and TAS 41</i>
Amendments to TFRS 16	<i>COVID-19 Related Rent Concessions beyond 30 June 2021</i>

##### **Amendments to TFRS 3 *Reference to the Conceptual Framework***

The amendments update an outdated reference to the Conceptual Framework in TFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

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

##### a) Amendments that are mandatorily effective from 2022 (cont'd)

##### **Amendments to TAS 16 *Property, Plant and Equipment – Proceeds before Intended Use***

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

##### **Amendments to TAS 37 *Onerous Contracts – Cost of Fulfilling a Contract***

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published today are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

##### **Annual Improvements to TFRS Standards 2018-2020 Cycle**

##### Amendments to TFRS 1 *First time adoption of Turkish Financial Reporting Standards*

The amendment permits a subsidiary that applies paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to TFRSs.

##### Amendments to TFRS 9 *Financial Instruments*

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

##### Amendments to TAS 41 *Agriculture*

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.



## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

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

##### a) Amendments that are mandatorily effective from 2022 (cont'd)

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

##### **Amendments to TFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021**

Public Oversight Accounting and Auditing Standards Authority (“POA”) has published Amendments to TFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021* that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. Since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the POA decided to extend the time period over which the practical expedient is available for use.

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

The Group management assessed that the adoption of these amendments that are effective from 2022 do not have any effect on the Group’s consolidated financial statements.

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

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

TFRS 17	<i>Insurance Contracts</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to TAS 8	<i>Definition of Accounting Estimates</i>
Amendments to TAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)</i>
Amendments to TFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to TAS 1	<i>Non-current Liabilities with Covenants</i>

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

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

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

##### **TFRS 17 Insurance Contracts**

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 *Insurance Contracts* as of 1 January 2023.

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

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

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

##### **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 2023 with the deferral of the effective date of TFRS 17.

##### **Amendments to TAS 1 Disclosure of Accounting Policies**

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

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

##### **Amendments to TAS 8 Definition of Accounting Estimates**

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

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





## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

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

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

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

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

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

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

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

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

Amendments are effective with the first application of TFRS 17.

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

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

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

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

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

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

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

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### 2.5 Summary of Significant Accounting Policies

##### **Related Parties**

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

a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

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

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

##### **Revenue**

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

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



## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### 2.5 Summary of Significant Accounting Policies (cont'd)

##### Revenue (cont'd)

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

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

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

##### Rental income:

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

##### Inventories

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

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### 2.5 Summary of Significant Accounting Policies (cont'd)

##### Property, Plant and Equipment

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

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

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

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

##### Intangible Assets

###### Intangible assets acquired separately

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

###### Computer software

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

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





## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### 2.5 Summary of Significant Accounting Policies (cont'd)

##### Intangible Assets (cont'd)

###### Derecognition of intangible assets

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

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

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

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

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

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

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### 2.5 Summary of Significant Accounting Policies (cont'd)

##### Borrowing Costs

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

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

##### Financial Instruments

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

##### Financial assets

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

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

##### Classification of financial assets

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### 2.5 Summary of Significant Accounting Policies (cont'd)

##### Financial Instruments (cont'd)

##### Financial assets (cont'd)

##### Classification of financial assets (cont'd)

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

##### (i) Amortised cost and effective interest method

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

(a) Credit-impaired financial assets when purchased or generated. For such financial assets, the Company applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the financial statements.

(b) Non-financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired. For such financial assets, the Company applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods.

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

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

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### 2.5 Summary of Significant Accounting Policies (cont'd)

##### Financial Instruments (cont'd)

##### Financial assets (cont'd)

##### Classification of financial assets (cont'd)

(ii) Financial assets at FVTPL

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

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

(iii) Equity instruments designated as at FVTOCI

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

A financial asset is held for trading if:

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

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





## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### 2.5 Summary of Significant Accounting Policies (cont'd)

##### Financial Instruments (cont'd)

##### *Financial assets (cont'd)*

##### Foreign exchange gains and losses

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

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

##### Impairment of financial assets

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

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

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

##### Measurement and recognition of expected credit losses

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

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### 2.5 Summary of Significant Accounting Policies (cont'd)

##### Financial Instruments (cont'd)

##### *Financial assets (cont'd)*

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

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

##### Derecognition of financial assets

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

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

##### *Financial liabilities*

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

A financial liability is subsequently classified at amortized cost except:

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



## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### 2.5 Summary of Significant Accounting Policies (cont'd)

##### Financial Instruments (cont'd)

##### Financial liabilities (cont'd)

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

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

The entity does not reclassify any financial liability.

##### Derecognition of financial liabilities

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

##### Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 29.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### 2.5 Summary of Significant Accounting Policies (cont'd)

##### Goodwill

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

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

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

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

##### Effect of Exchange Differences

##### Foreign Currency Transactions and Balances

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

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

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

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





## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### 2.5 Summary of Significant Accounting Policies (cont'd)

##### Effect of Exchange Differences (cont'd)

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

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

##### Earnings per Share

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

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

##### Events After the Reporting Period

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

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

##### Provisions, Contingent Assets and Liabilities

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

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

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

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### 2.5 Summary of Significant Accounting Policies (cont'd)

##### Reporting of Financial Information by Segments

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

##### Investment Properties

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

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

##### Taxation

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

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

##### Current tax

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

##### Deferred tax

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

01. MESSAGE TO OUR STAKEHOLDERS

02. OUR CORPORATE PROFILE

03. NUH ÇİMENTO WITH NUMBERS

04. STRATEGY AND MANAGEMENT

05. SUSTAINABILITY MANAGEMENT

06. OUR ECONOMIC PERFORMANCE

07. OUR SOCIAL PERFORMANCE

08. OUR ENVIRONMENTAL PERFORMANCE

09. ANNEXES



## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### 2.5 Summary of Significant Accounting Policies (cont'd)

##### Taxation (cont'd)

###### Deferred tax (cont'd)

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

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

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

###### Current and deferred tax for the period

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

##### Employee Benefits

###### *Termination and retirement benefits:*

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

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

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### 2.5 Summary of Significant Accounting Policies (cont'd)

##### Employee Benefits (cont'd)

###### *Provision for seniority incentive bonus*

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

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

###### *Profit-sharing and bonus plans*

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

##### Statement of Cash Flows

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

##### Share Capital and Dividends

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

### 2.6 Significant Accounting Judgments, Estimates and Assumptions

###### Critical judgments in applying the Group's accounting policies

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





## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

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

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

###### *Deferred Tax*

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

###### Key sources of estimation uncertainty

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

###### *Estimated impairment of goodwill*

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

###### *Useful lives of property, plant and equipment*

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

###### *Legal provisions*

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

###### *Employment termination benefits and seniority incentive bonus*

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

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 3. INTERESTS IN OTHER ENTITIES

#### **Associates**

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

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

### 4. SEGMENT REPORTING

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

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

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

<b>1 January - 31 December 2022</b>	<b>Construction and construction materials</b>	<b>Energy</b>	<b>Consolidation adjustments</b>	<b>Total</b>
Third party sales	7,699,912,599	39,167,795	-	7,739,080,394
Cross-departmental sales	616,312,614	-	(616,312,614)	-
<b>Net sales</b>	<b>8,316,225,213</b>	<b>39,167,795</b>	<b>(616,312,614)</b>	<b>7,739,080,394</b>
Cost of sales	(6,186,356,615)	(4,082,254)	616,312,614	(5,574,126,255)
<b>Gross Profit</b>	<b>2,129,868,598</b>	<b>35,085,541</b>	<b>-</b>	<b>2,164,954,139</b>
Total assets	6,877,209,405	65,616,928	-	6,942,826,333
Total liabilities	2,400,377,024	-	-	2,400,377,024

<b>1 January - 31 December 2021</b>	<b>Construction and construction materials</b>	<b>Energy</b>	<b>Consolidation adjustments</b>	<b>Total</b>
Third party sales	2,480,037,014	13,192,018	-	2,493,229,032
Cross-departmental sales	199,587,297	-	(199,587,297)	-
<b>Net sales</b>	<b>2,679,624,311</b>	<b>13,192,018</b>	<b>(199,587,297)</b>	<b>2,493,229,032</b>
Cost of sales	(1,991,937,920)	(2,193,215)	199,587,297	(1,794,543,838)
<b>Gross Profit</b>	<b>687,686,391</b>	<b>10,998,803</b>	<b>-</b>	<b>698,685,194</b>
Total assets	3,405,111,457	68,124,560	-	3,473,236,017
Total liabilities	1,301,385,982	-	-	1,301,385,982



## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 5. RELATED PARTY DISCLOSURES

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

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

	31 December 2022	
	Current	
	Trade Receivables	Sales
Çimpaş Çimento İnşaat Mlz. Paz. A.Ş. (1)	-	50,786
Nuh Çimento Eğitim ve Sağlık Vakfı (2) (*)	-	351,427
	-	402,213
31 December 2021		
	Current	
	Trade Receivables	Sales
Çimpaş Çimento İnşaat Mlz. Paz. A.Ş. (1)	17,800	50,470
Nuh Çimento Eğitim ve Sağlık Vakfı (2) (*)	-	106,269
	17,800	156,739

(1) Financial investments of the Company

(2) Foundation which was established by the Company with the decision of Council of Ministers

(\*) Amounts consist of concrete sales that the Group has made to Nuh Çimento Eğitim ve Sağlık Vakfı.

Compensation of key management personnel:

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

	1 January- 31 December 2022	1 January- 31 December 2021
Salaries and other short-term benefits	27,636,615	16,162,204

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 6. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

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

	31 December 2022	31 December 2021
<b>Short-term trade receivables</b>		
Trade receivables	567,939,230	348,445,779
Notes receivable	412,598,035	167,226,685
Trade receivables from related parties (Note: 21)	-	17,800
Discount of notes receivables (-)	(9,719,879)	(3,092,995)
Provision for doubtful receivables (-)	(94,088,031)	(88,076,488)
<i>Trade receivables from third parties</i>	<i>(82,805,729)</i>	<i>(83,984,936)</i>
<i>Expected credit losses (-) effect of TFRS 9</i>	<i>(11,282,302)</i>	<i>(4,091,552)</i>
	<u>876,729,355</u>	<u>424,520,781</u>
	31 December 2022	31 December 2021
<b>Long-term trade receivables</b>		
Notes receivable	-	9,224,625
	-	<u>9,224,625</u>

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 23 days and therefore are all classified as current. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method (31 December 2021: 36 days).

As of 31 December 2022, trade receivables of TL 94,088,031 (31 December 2021: TL 88,076,488) were impaired and provided for. Significant part of the individually impaired receivables consist of wholesalers, which are in unexpectedly difficult economic situations and litigation process against the Group and provisions by applying TFRS 9 within the scope of the Group's general policy which include varying dates depending on the delays.





## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

### AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

#### 6. TRADE RECEIVABLES AND PAYABLES (cont'd)

##### a) Trade Receivables (cont'd):

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

	1 January - 31 December 2022	1 January - 31 December 2021
<u>Movement of provision for doubtful trade receivables</u>		
Opening balance	88,076,488	82,705,829
Collections or reversal of provision	(7,284,270)	(592,050)
Charge for the period (Note: 21)	6,105,063	5,823,470
Changes in TFRS 9 charge for the period (Note: 21)	7,190,750	139,239
Closing balance	<u>94,088,031</u>	<u>88,076,488</u>

As of 31 December 2022, there are no guarantees received from customers for doubtful trade receivables (31 December 2021: None).

The aging of trade receivables are as follows:

	31 December 2022	31 December 2021
Neither past due, nor doubtful receivables	729,982,520	392,829,509
Past due but not impaired receivables	146,746,835	31,691,272
Receivables that are impaired and for which provision is made	94,088,031	88,076,488
	<u>970,817,386</u>	<u>512,597,269</u>

As of 31 December 2022, trade receivables amounting to TL 146,746,836 (31 December 2021: TL 31,691,272) are overdue but are not considered as doubtful receivables due to the ability to collect. Within the scope of the Company's general policy under the scope of TFRS 9 application, a provision is made for varying rates based on delays. The maturity analysis of these receivables is as follows:

	31 December 2022	31 December 2021
1 - 3 months	134,730,963	24,051,034
3 - 6 months	2,473,998	1,787,006
6 - 9 months	493	4,401,221
Over 9 months	9,541,381	1,452,011
	<u>146,746,835</u>	<u>31,691,272</u>

The Group held guarantee letter amounting to TL 126,597,500 for the trade receivables that are past due and not impaired (31 December 2021: TL 26,611,390).

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

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

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

### AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

#### 6. TRADE RECEIVABLES AND PAYABLES (cont'd)

##### b) Trade Payables:

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

	31 December 2022	31 December 2021
Trade payables	644,524,867	268,528,158
Notes payable	5,236,008	1,460,419
Expense accruals	231,791	-
Rediscount of notes payable (-)	(5,161,005)	-
	<u>644,831,661</u>	<u>269,988,577</u>

The average maturity of credit sales of goods is 31 days. (31 December 2021: 25 days).

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

#### 7. OTHER RECEIVABLES AND PAYABLES

##### a) Other Receivables

	31 December 2022	31 December 2021
<u>Short-term other receivables</u>		
Other short-term receivables (*)	152,145,430	53,967,078
Due from personnel	2,450,380	1,221,459
Deposits and quarantees given	157,390	1,086,193
Provision for doubtful receivables (-)	(1,498,878)	(1,498,879)
	<u>153,254,322</u>	<u>54,775,851</u>

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

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

	31 December 2022	31 December 2021
<u>Long-term other receivables</u>		
Deposits and quarantees given	3,510,584	2,039,034
	<u>3,510,584</u>	<u>2,039,034</u>

##### b) Other Payables

	31 December 2022	31 December 2021
<u>Short-term other payables</u>		
Taxes and dues payable	16,904,097	14,205,111
Deposits and quarantees received	10,870,711	7,557,470
Other miscellaneous payables	862,816	627,152
	<u>28,637,624</u>	<u>22,389,733</u>



## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 8. OTHER CURRENT AND NON-CURRENT ASSETS

	31 December 2022	31 December 2021
<b>Other current assets</b>		
Deferred VAT	145,478,419	63,280,143
Deductible VAT	30,498,260	-
Personnel advances	1,674,828	333,588
	<u>177,651,507</u>	<u>63,613,731</u>
<b>Other non-current assets</b>		
Deductible VAT in future years	4,015,764	4,434,466
	<u>4,015,764</u>	<u>4,434,466</u>

### 9. INVENTORIES

	31 December 2022	31 December 2021
Raw materials	678,820,085	343,350,965
Work in process	233,324,167	72,419,329
Finished goods	72,235,735	22,941,110
Trade goods	403,163	91,001
Allowance for impairment on inventory (-)	(4,501,054)	(4,501,054)
	<u>980,282,096</u>	<u>434,301,351</u>

The Group determines inventories whose net realizable value is below the cost of each year, and a provision amounting to TL 4,501,054 has been reserved for inventory impairment (31 December 2021: TL 4,501,054). As of 31 December 2022, the total amount of inventories shown at net realizable value is TL 980,282,096 (31 December 2021: TL 434,301,351).

The movement table of the Group's provision for inventory impairment as of 31 December 2022 is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
<b>Movements of provision for inventory impairment</b>		
Opening balance	4,501,054	4,501,054
Closing balance	<u>4,501,054</u>	<u>4,501,054</u>

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 10. PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2022	31 December 2021
<b>Short-term prepaid expenses</b>		
Order advances given for inventory purchase	52,832,053	80,986,792
Prepaid expenses	17,245,890	28,196,604
	<u>70,077,943</u>	<u>109,183,396</u>
<b>Long-term prepaid expenses</b>		
Order advances given for fixed asset purchase	61,208,501	30,716,175
Prepaid expenses	-	414,823
	<u>61,208,501</u>	<u>31,130,998</u>
<b>Short-term deferred income</b>		
Order advances received	89,312,872	61,355,041
Deferred income	446,149	-
	<u>89,759,021</u>	<u>61,355,041</u>

### 11. INVESTMENT PROPERTIES

<b>Cost Value</b>	Land	Buildings	Advances given	Total
Opening balance as of 1 January 2022	37,283,679	171,426,433	9,938,073	218,648,185
Additions	-	647,069	-	647,069
Disposal	-	(4,748,938)	-	(4,748,938)
Transfers	(101,550)	10,039,623	(9,938,073)	-
Closing balance as of 31 December 2022	37,182,129	177,364,187	-	214,546,316
<b>Accumulated Depreciation</b>				
Opening balance as of 1 January 2022	-	(24,760,905)	-	(24,760,905)
Charge for the period	-	(3,387,703)	-	(3,387,703)
Disposal	-	296,134	-	296,134
Closing balance as of 31 December 2022	-	(27,852,474)	-	(27,852,474)
Carrying value as of 31 December 2022	37,182,129	149,511,713	-	186,693,842





## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

### AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

#### 11. INVESTMENT PROPERTIES (cont'd)

<b>Cost Value</b>	Land	Buildings	Advances given	Total
Opening balance as of 1 January 2021	37,283,679	172,926,690	9,938,073	220,148,442
Additions	-	-	-	-
Disposal	-	(1,500,257)	-	(1,500,257)
Closing balance as of 31 December 2021	37,283,679	171,426,433	9,938,073	218,648,185
			Advances given	Total
<b>Accumulated Depreciation</b>	Land	Buildings		
Opening balance as of 1 January 2021	-	(21,318,695)	-	(21,318,695)
Charge for the period	-	(3,442,210)	-	(3,442,210)
Closing balance as of 31 December 2021	-	(24,760,905)	-	(24,760,905)
Carrying value as of 31 December 2021	37,283,679	146,665,528	9,938,073	193,887,280

All depreciation expenses are included in expenses from investment activities (31 December 2021: included in expenses from investment activities).

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

As of 31 December 2022 and 2021, the Group management has determined the fair value of the market, hotel blocks, land and lands included in the investment properties, in line with the decision taken. As of 31 December 2022 and 2021, the fair value of the Group's land and buildings which is classified as investment property has been determined by an independent valuers not related to the Group which is ACE Gayrimenkul Değerleme ve Danışmanlık A.Ş. The fair value of the owned market and hotel blocks has been determined using the discounted cash flow method. In the valuation study, the capitalization rate is 8% and the nominal discount rate is 21% (31 December 2021: capitalization rate is 8% and nominal discount rate is 21%).

For the period ended 31 December 2022, the Group's rent revenue obtained by investment of real estate properties amounting to TL 85,365,484 (31 December 2021: TL 39,384,575). The Group paid property tax for investment of real estate properties amounting to TL 2,781,127 (31 December 2021: TL 2,097,446) (Note: 24).

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

### AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

#### 11. INVESTMENT PROPERTIES (cont'd)

Details of the Group's investment properties and information about the fair value hierarchy as of 31 December 2022 and 2021 are as follows:

	31 December 2022	Fair value as of reporting period		
		Level 1 TL	Level 2 TL	Level 3 TL
Hotel and Shopping Mall Buildings	662,925,000	-	-	662,925,000
Lands	17,979,194	-	17,979,194	-
	291,880,507	-	291,880,507	-
	31 December 2021	Level 1 TL	Level 2 TL	Level 3 TL
Hotel and Shopping Mall Buildings	662,925,000	-	-	662,925,000
Lands	22,431,998	-	22,431,998	-
	291,880,507	-	291,880,507	-

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

### AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

#### 12. PROPERTY, PLANT AND EQUIPMENT

Cost Value	Land		Land improvements	Buildings	Plant, machinery and equipment	Motor vehicles	Furniture and fixture	Other property, plant and equipment	Leasehold improvements	Construction in progress	Total
	Land	improvements									
Opening balance as of 1 January 2022	63,445,429	133,842,416	184,896,082	1,127,812,647	170,405,748	63,410,326	498,334	13,244,999	29,883,376	1,787,439,357	
Additions	250,000	10,889,643	453,407	71,889,545	36,082,430	19,571,780	-	48,403	355,909,541	495,094,749	
Disposals	(351,557)	(1,098,115)	(196,678)	(18,879,717)	(8,244,214)	(137,859)	-	(2,819,813)	-	(31,727,953)	
Transfers from inventories	-	-	-	88,662,767	-	-	-	-	-	88,662,767	
Transfers	-	5,779,847	8,547,576	27,630,502	96,356,468	403,053	-	2,710,312	(141,427,758)	-	
Closing balance as of 31 December 2022	63,343,872	149,413,791	193,700,387	1,297,115,744	294,600,432	83,247,300	498,334	13,183,901	244,365,159	2,339,468,920	
<b>Accumulated Depreciation</b>											
Opening balance as of 1 January 2022	-	(73,906,232)	(101,115,588)	(663,164,939)	(87,309,232)	(50,202,758)	(498,334)	(7,185,202)	-	(983,382,285)	
Charge for the period	-	(8,170,784)	(4,132,320)	(63,686,995)	(26,110,706)	(4,902,096)	-	(2,123,780)	-	(109,126,681)	
Disposals	-	158,617	108,726	13,275,380	7,489,417	101,112	-	976,635	-	22,109,887	
Closing balance as of 31 December 2022	-	(81,918,399)	(105,139,182)	(713,576,554)	(105,930,521)	(55,003,742)	(498,334)	(8,332,347)	-	(1,070,399,079)	
Carrying value as of 31 December 2022	63,343,872	67,495,392	88,561,205	583,539,190	188,669,911	28,243,558	-	4,851,554	244,365,159	1,269,069,841	

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

### AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

Cost Value	Land		Land improvements	Buildings	Plant, machinery and equipment	Motor vehicles	Furniture and fixture	Other property, plant and equipment	Leasehold improvements	Construction in progress	Total
	Land	improvements									
Opening balance as of 1 January 2021	60,674,349	124,011,993	182,363,396	1,043,823,380	108,718,962	57,888,433	498,334	13,513,948	2,594,057	1,594,086,852	
Additions	2,771,080	10,049,307	1,141,918	68,274,970	65,505,429	5,786,347	-	61,611	52,789,934	206,380,596	
Disposals	-	(902,372)	(11,951)	(6,886,076)	(4,246,519)	(264,454)	-	(714,619)	(2,100)	(13,028,091)	
Transfers	-	683,488	1,402,719	22,600,373	427,876	-	-	384,059	(25,498,515)	-	
Closing balance as of 31 December 2021	63,445,429	133,842,416	184,896,082	1,127,812,647	170,405,748	63,410,326	498,334	13,244,999	29,883,376	1,787,439,357	
<b>Accumulated Depreciation</b>											
Opening balance as of 1 January 2021	-	(67,490,427)	(96,999,123)	(615,479,051)	(78,295,111)	(47,283,643)	(498,334)	(5,846,868)	-	(911,892,557)	
Charge for the period	-	(7,281,439)	(4,124,975)	(54,519,605)	(13,123,643)	(3,155,232)	-	(1,909,778)	-	(84,114,673)	
Disposals	-	865,634	8,510	6,833,717	4,109,522	236,117	-	571,444	-	12,624,945	
Closing balance as of 31 December 2021	-	(73,906,232)	(101,115,588)	(663,164,939)	(87,309,232)	(50,202,758)	(498,334)	(7,185,202)	-	(983,382,285)	
Carrying value as of 31 December 2021	63,445,429	59,936,184	83,780,494	464,647,708	83,096,516	13,207,568	-	6,059,797	29,883,376	804,057,072	





## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

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

	<u>Useful lives</u>
Land improvements	15-50 years
Buildings	25-50 years
Plant, machinery and equipment	5-25 years
Motor vehicles	4-15 years
Furniture and fixture	3-25 years
Other property, plant and equipment	3-10 years
Leasehold improvements	5-10 years

Depreciation expense of TL 93,687,097 (31 December 2021: TL 80,232,841) has been charged in cost of goods sold, TL 1,057,048 (31 December 2021: TL 134,929) in marketing expenses, TL 14,353,147 (31 December 2021: TL 3,746,903) in general administrative expenses, and TL 29,389 in research and development expenses.

As of 31 December 2022, insurance coverage of the Group's assets is TL 18,711,178,617 (31 December 2021: TL 8,271,412,630).

#### Mortgages Given

As of 31 December 2022 and 2021, the Group has no pledge/mortgage positions.

### 13. INTANGIBLE ASSETS

Cost Value	Rights	Other intangible assets	Total
Opening balance as of 1 January 2022	44,115,722	212,155	44,327,877
Additions	6,845,939	-	6,845,939
Closing balance as of 31 December 2022	50,961,661	212,155	51,173,816
<u>Accumulated Amortization</u>			
Opening balance as of 1 January 2022	(18,532,200)	(187,508)	(18,719,708)
Charge for the period	(2,372,683)	(493)	(2,373,176)
Closing balance as of 31 December 2022	(20,904,883)	(188,001)	(21,092,884)
Carrying value as of 31 December 2022	30,056,778	24,154	30,080,932
<u>Other intangible assets</u>			
Cost Value	Rights	Other intangible assets	Total
Opening balance as of 1 January 2021	43,232,610	212,155	43,444,765
Additions	883,112	-	883,112
Closing balance as of 31 December 2021	44,115,722	212,155	44,327,877
<u>Accumulated Amortization</u>			
Opening balance as of 1 January 2021	(17,087,029)	(187,015)	(17,274,044)
Charge for the period	(1,445,171)	(493)	(1,445,664)
Closing balance as of 31 December 2021	(18,532,200)	(187,508)	(18,719,708)
Carrying value as of 31 December 2021	25,583,522	24,647	25,608,169

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 13. INTANGIBLE ASSETS (cont'd)

Amortization expense of TL 2,037,960 (31 December 2021: TL 1,378,948) has been charged in cost of goods sold, TL 22,994 (31 December 2021: TL 2,319) in marketing and sales expenses, and TL 312,222 (31 December 2021: TL 64,397) in general administrative expenses.

The useful lives for intangible assets are as follows:

	<u>Useful lives</u>
Rights	4-20 years
Other intangible assets	1-10 years

### 14. RIGHT-OF-USE ASSETS

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

Cost Value	Land	Port area and pier usage	Vehicles	Buildings	Total
Opening balance as of 1 January 2022	17,700	23,022,725	4,980,009	1,106,496	29,126,930
Additions regarding operational leases	-	7,756,525	21,188,257	116,084	29,060,866
Disposals regarding operational leases	-	-	-	(1,106,496)	(1,106,496)
Closing balance as of 31 December 2022	17,700	30,779,250	26,168,266	116,084	57,081,300
<u>Accumulated Amortization</u>					
Cost Value	Land	Port area and pier usage	Vehicles	Buildings	Total
Opening balance as of 1 January 2022	(17,700)	(4,669,164)	(1,862,730)	(466,082)	(7,015,676)
Amortization for the period	-	(1,568,788)	(4,963,594)	(225,332)	(6,757,714)
Disposals	-	-	-	674,003	674,003
Closing balance as of 31 December 2022	(17,700)	(6,237,952)	(6,826,324)	(17,411)	(13,099,387)
Carrying value as of 31 December 2022	-	24,541,298	19,341,942	98,673	43,981,913
<u>Other intangible assets</u>					
Cost Value	Land	Port area and pier usage	Vehicles	Buildings	Total
Opening balance as of 1 January 2021	17,700	22,207,045	4,104,725	593,666	26,923,136
Additions regarding operational leases	-	815,680	875,284	512,830	2,203,794
Closing balance as of 31 December 2021	17,700	23,022,725	4,980,009	1,106,496	29,126,930
<u>Accumulated Amortization</u>					
Cost Value	Land	Port area and pier usage	Vehicles	Buildings	Total
Opening balance as of 1 January 2021	(17,700)	(3,116,609)	(1,179,804)	(160,027)	(4,474,140)
Amortization for the period	-	(1,552,555)	(682,926)	(306,055)	(2,541,536)
Closing balance as of 31 December 2021	(17,700)	(4,669,164)	(1,862,730)	(466,082)	(7,015,676)
Carrying value as of 31 December 2021	-	18,353,561	3,117,279	640,414	22,111,254



## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

### AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

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

	31 December 2022	31 December 2021
Amortization of assets to operating lease	(6,757,714)	(2,541,536)
Interest expense from lease transactions (Note: 25)	(7,276,659)	(4,196,901)
Currency difference expenses from lease transactions (Note: 25)	(736,661)	(92,504)

TL 5,803,174 of amortization expenses is included in the cost of goods sold, TL 65,476 in the marketing and sales expenses and TL 889,064 in the general administrative expenses.

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

In addition, car lease agreements with a usage permit between 2020 and 2022 and borrowing rate discounted with the rate in the initial calculation and measured at their present value, have been accounted for in the consolidated statement of financial position in line with the above explanations.

#### 15. GOODWILL

	31 December 2022	31 December 2021
<b>Cost value</b>		
Cost value at the beginning of the period	24,910,842	24,910,842
Closing value	24,910,842	24,910,842
<b>Accumulated impairment</b>		
Balance at the beginning of the period	(7,562,568)	(7,562,568)
Closing balance	(7,562,568)	(7,562,568)
<b>Carrying Amount</b>		
Beginning of the Period	17,348,274	17,348,274
End of the Period	17,348,274	17,348,274

As of 31 December 2022 and 2021, no impairment has been determined for the goodwill accounted for within the scope of the purchase of Kudret Enerji shares, according to the valuations made by independent valuation experts using the discounted cash flow method.

In accordance with the valuations performed by the independent valuation specialists using the discounted cash flows method as of 31 December 2022, the Group was identified USD 15 million (31 December 2021: USD 15 million) net equity value. The USD-based weighted average cost of capital was calculated as 11.69% for 2022 and after (31 December 2021: 11.69%) and the unit electricity sale prices were held fixed for a 10-year purchase guarantee period and were presumed to increase at the rate of annual average consumer inflation as of the subsequent periods. The estimated electricity production throughout the period was assumed to be 33,000 kWh (31 December 2021: 33,000 kWh).

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

### AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

#### 16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

##### a) Provisions

	31 December 2022	31 December 2021
Short-term other provisions		
Legal claims and termination provisions	18,665,728	19,939,383
	<u>18,665,728</u>	<u>19,939,383</u>

As of 31 December 2022, TL 18,665,728 for open lawsuits and proceeded against the Parent Company and its subsidiaries (31 December 2021: TL 21,811,293). Lawsuits against the Group generally consist of employee lawsuits.

As of 31 December 2022, total litigation provision amounted to TL 18,665,728 is recognized for the ongoing lawsuits filed against the Parent Company and subsidiaries in the accompanying consolidated financial statements as a result of the evaluation made by the Group management (31 December 2021: TL 19,939,383). The Company management don't expect any cash outflow regarding rest of the cases.

As of 31 December 2022 and 2021, movements of provision for legal claims and termination provisions are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Opening balance	19,939,383	20,194,994
Payments and provisions released	(637,112)	(1,023,518)
Provisions for the period (Note: 21)	(636,543)	767,907
Closing balance	<u>18,665,728</u>	<u>19,939,383</u>

	31 December 2022	31 December 2021
Long-term other provisions		
Land restoration provision	13,598,060	6,967,474
	<u>13,598,060</u>	<u>6,967,474</u>

The Company owns mines in which the ownership belongs to the Company and holds the Company owns mines and land usage rights of mines owned by Treasury of Turkey as of 31 December 2022. To comply with the Communiqué of Ministry of Environment named as "Mining Operations and Recovery of Damaged Land" (Communiqué) which became effective after being published in the Official Gazette on 14 December 2007 and was amended on 23 January 2012, the Company has booked a provision amounting to TL 13,598,060 (31 December 2021: TL 6,967,474) for restoration costs regarding the laying of top soil and re-vegetation of the land in the areas that are reorganized in the mine lands in use, as of 31 December 2022, all the usable areas of the land with mining license. In accordance with the Communiqué, the land shall be restored in two years' period after the termination of the mining operations. After the completion of such activities, the license holder is permitted to leave the land in the following five years period.





## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### a) Provisions (cont'd)

As of 31 December 2022 and 2021, movements for land restoration are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Opening balance	6,967,474	4,645,336
Charge for the period	6,630,586	2,322,138
Closing balance	<u>13,598,060</u>	<u>6,967,474</u>

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

#### b) Contingent Assets and Liabilities

As of 31 December 2022, total amount of checks and notes endorsed to third parties is TL 14,050,920 (31 December 2021: TL 3,325,353).

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### b) Contingent Assets and Liabilities (cont'd)

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

31 December 2022	TL equivalent	TL	US Dollar	Euro
A. Total amount of the GPM's given for its own legal entity				
-Guarantee	79,063,749	55,028,336	150,000	1,065,000
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. GPM's given on behalf of fully consolidated companies				
-Guarantee	20,668,683	16,362,745	-	216,000
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
C. GPM's are given on behalf of the third parties' debt for continuation of their economic activities				
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
D. Total amount of other GPM's				
i. Given on behalf of majority shareholder				
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C				
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
iii. Given on behalf of third parties which are not in the scope of C				
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
<b>Total</b>	<u>99,732,432</u>	<u>71,391,081</u>	<u>150,000</u>	<u>1,281,000</u>

As of 31 December 2022, the rate of total amount of other "GPM"s to total equity of the Group is 2%.



## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### b) Contingent Assets and Liabilities (cont'd)

31 December 2021		TL equivalent	TL	US Dollar	Euro
A. Total amount of the GPM's given for its own legal entity					
	-Guarantee	23,380,590	21,433,965	150,000	-
	-Pledge	-	-	-	-
	-Mortgage	-	-	-	-
B. GPM's given on behalf of fully consolidated companies					
	-Guarantee	15,575,425	12,404,048	-	216,000
	-Pledge	-	-	-	-
	-Mortgage	-	-	-	-
C. GPM's are given on behalf of the third parties' debt for continuation of their economic activities					
	-Guarantee	-	-	-	-
	-Pledge	-	-	-	-
	-Mortgage	-	-	-	-
D. Total amount of other GPM's					
i. Given on behalf of majority shareholder					
	-Guarantee	-	-	-	-
	-Pledge	-	-	-	-
	-Mortgage	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C					
	-Guarantee	-	-	-	-
	-Pledge	-	-	-	-
	-Mortgage	-	-	-	-
iii. Given on behalf of third parties which are not in the scope of C					
	-Guarantee	-	-	-	-
	-Pledge	-	-	-	-
	-Mortgage	-	-	-	-
<b>Total</b>		<b>38,956,015</b>	<b>33,838,013</b>	<b>150,000</b>	<b>216,000</b>

As of 31 December 2021, the rate of total amount of other "GPM"s to total equity of the Group is 2%.

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 17. EMPLOYEE BENEFITS

#### Payables related to employee benefits

	31 December 2022	31 December 2021
Social security premiums payable	12,733,837	5,027,630
Due to personnel	11,285,408	4,500,298
	<b>24,019,245</b>	<b>9,527,928</b>

#### Short-term provision for employee benefits

	31 December 2022	31 December 2021
Provision for seniority incentive bonus	2,871,133	1,333,757
Unused vacation pay liability	11,795,386	4,530,826
	<b>14,666,519</b>	<b>5,864,583</b>

As of 31 December 2022 and 2021, movements of unused vacation is as follows:

	1 January-31 December 2022	1 January-31 December 2021
Opening balance	4,530,826	3,489,427
Charge for the period	7,264,560	1,041,399
Closing balance	<b>11,795,386</b>	<b>4,530,826</b>

#### Long-term provision for employee benefits

	31 December 2022	31 December 2021
Provision for employment termination benefits	147,134,795	58,553,981
Provision for seniority incentive bonus	25,714,416	9,719,855
	<b>172,849,211</b>	<b>68,273,836</b>





## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 17. EMPLOYEE BENEFITS (cont'd)

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

Seniority incentive bonus:

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

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

As of 31 December 2022 and 2021, movements of seniority incentive bonus are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Opening balance	11,053,612	9,828,971
Provisions / reversals for the period	19,287,390	2,088,529
Payments	(1,755,453)	(863,888)
Closing balance	<u>28,585,549</u>	<u>11,053,612</u>

#### Provision for employment termination benefits

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

The amount payable consists of one month's salary limited to a maximum of TL 15,371.40 for each period of service as of 31 December 2022 (31 December 2021: TL 8,284.51).

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

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 17. EMPLOYEE BENEFITS (cont'd)

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

Provision for employment termination benefits (cont'd):

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 December 2022, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 2.10% real discount rate (31 December 2021: 4.45%) calculated by using 19.00% annual inflation rate and 21.50% discount rate. Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration as 5.72% for employees with 0-15 years of service, and 0% for those with 15 or more years of service (31 December 2021: 7.35% for 0-15 years; 0% for 15 and more years). Ceiling amount of TL 19,982.83 which is in effect since 1 January 2023 is used in the calculation of Group's provision for retirement pay liability (1 January 2022: TL 10,848.59).

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

- If the discount rate had been 1% higher (lower), provision for employment termination benefits would decrease / (increase) by TL 13,321,401 / TL (15,769,187)
- If the inflation rate had been 1% lower / (higher) while all other variables were held constant, provision for employment termination benefits would increase / (decrease) by TL 2,865,052 / TL (2,643,249).

	1 January- 31 December 2022	1 January- 31 December 2021
Opening balance	58,553,981	41,918,160
Service cost	16,770,578	18,288,242
Interest cost	12,881,876	1,680,590
Termination benefits paid	(5,197,529)	(3,333,010)
Actuarial loss / (gain)	64,125,889	-
Closing balance	<u>147,134,795</u>	<u>58,553,982</u>

### 18. OTHER LIABILITIES

	31 December 2022	31 December 2021
Other current liabilities		
Calculated VAT	4,711,025	-
Expense accruals	-	279,367
Other liabilities	61,005	17,060
	<u>4,772,030</u>	<u>296,427</u>



## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 19. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

#### a) Share Capital

As of 31 December 2022 and 2021, the share capital held of the Company is as follows:

Shareholders	Share Rate (%)	31 December 2022	Share Rate (%)	31 December 2021
Nuh Ticaret Sanayi ve Ticaret A.Ş.	44,13	66,283,864	44,13	66,283,864
Partaş Tekstil İnşaat Sanayi ve Ticaret A.Ş.	16,32	24,515,195	16,32	24,515,195
Other (*)	39,55	59,414,541	39,55	59,414,541
	100,00	150,213,600	100,00	150,213,600
Capital inflation differences (**)		39,338,145		39,338,145
		<u>189,551,745</u>		<u>189,551,745</u>

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

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

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

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

#### b) Restricted Reserves Appropriated from Profit

	31 December 2022	31 December 2021
Legal reserves	507,442,693	467,909,963
	<u>507,442,693</u>	<u>467,909,963</u>

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



## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### b) Restricted Reserves Appropriated from Profit (cont'd)

Dividend Distribution:

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

Shareholders distribute their profits within the framework of the profit distribution policies to be determined by their general assemblies and in accordance with the provisions of the relevant legislation, by the decision of the general assembly. Within the scope of the communiqué, a minimum distribution rate has not been determined. Companies pay dividends as specified in their articles of association or profit distribution policies.

The Company's weighted average of shares did not change compared to the previous year, and earnings per share were realized as TL 13.89 (31 December 2021: TL 4.28).

Since March 2022, the Group has paid dividend to shareholders amounting to TL 322,959,240 (May 2021: TL 225,320,400) TL 2.15 per share (May 2021: TL 1.50).

*Funds Subject to Profit Distribution:*

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

### 20. REVENUE AND COST OF SALES

#### Revenue

	1 January-31 December 2022	1 January-31 December 2021
Foreign sales	4,320,669,486	1,557,705,462
Domestic sales	3,394,268,135	965,895,352
Domestic energy sales	39,167,795	13,192,018
Other sales	357,801	2,473,229
Sale returns (-)	(758,990)	(343,728)
Sale discounts (-)	(14,623,833)	(45,693,301)
	<u>7,739,080,394</u>	<u>2,493,229,032</u>





## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### Cost of Sales

	1 January- 31 December 2022	1 January- 31 December 2021
Cost of goods sold	(5,099,951,560)	(1,618,817,608)
Cost of merchandise sold	(240,553,730)	(34,506,775)
Cost of service provided	(128,678,767)	(57,710,071)
Amortization and depreciation expenses (Note: 12 and 13)	(101,528,232)	(81,611,789)
Other sales expenses	(3,413,966)	(1,897,595)
	<u>(5,574,126,255)</u>	<u>(1,794,543,838)</u>

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

	1 January- 31 December 2022	1 January- 31 December 2021
General administrative expenses	(212,488,049)	(141,092,155)
Marketing expenses	(188,425,154)	(76,476,667)
Research and development expenses	(326,869)	(15,691)
	<u>(401,240,072)</u>	<u>(217,584,513)</u>

#### a) Details of General Administrative Expenses

	1 January- 31 December 2022	1 January- 31 December 2021
Personnel expenses	(118,375,946)	(82,526,388)
Depreciation and amortization expenses (Note: 12 and 13)	(15,554,432)	(6,352,836)
Office, electricity, water, natural gas and communication expenses	(15,015,665)	(6,592,649)
Taxes, duties and fees	(13,750,961)	(12,386,315)
Outsourced benefits	(11,270,745)	(7,241,990)
Doubtful trade receivables expenses (Note: 6)	(13,295,813)	(5,370,659)
Consultancy expenses	(6,389,925)	(3,502,907)
Maintenance and repairment expenses	(3,283,291)	(1,657,952)
Consultancy and audit expenses	(2,991,408)	(1,317,793)
Insurance expenses	(2,385,869)	(782,882)
Rent expenses	(1,794,872)	(3,182,998)
Changes in litigation provision (Note: 16)	636,543	(767,907)
Other expenses	(9,015,665)	(9,408,879)
	<u>(212,488,049)</u>	<u>(141,092,155)</u>

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### b) Details of Marketing Expenses

	1 January- 31 December 2022	1 January- 31 December 2021
Exportation expenses	(134,815,661)	(51,927,310)
Personnel expenses	(30,163,237)	(16,650,708)
Representation and hospitality expenses	(4,633,997)	(513,275)
Taxes, duties and fees	(4,252,031)	(631,852)
Outsourced benefits	(1,697,772)	(2,861,659)
Maintenance and repairment expenses	(1,702,907)	(621,862)
Depreciation and amortization expenses (Note: 12 and 13)	(1,145,518)	(137,248)
Transportation expenses	(264,958)	(350,473)
Rent expenses	(222,754)	(635,263)
Other expenses	(9,526,319)	(2,147,017)
	<u>(188,425,154)</u>	<u>(76,476,667)</u>

### 22. EXPENSES BY NATURE

	1 January- 31 December 2022	1 January- 31 December 2021
Cost of goods sold	(5,099,951,560)	(1,618,817,608)
Cost of trade goods sold	(240,553,730)	(34,506,775)
Cost of service given	(128,678,767)	(57,710,071)
Depreciation and amortization expenses (Note: 12, 13 14)	(121,615,885)	(91,544,083)
Personnel expenses	(148,866,052)	(99,192,787)
Exportation expenses	(134,815,661)	(51,927,310)
Outsourced benefits	(12,968,517)	(10,103,649)
Taxes, duties and fees	(18,002,992)	(13,018,167)
Consultancy expenses	(6,389,925)	(3,502,907)
Consultancy and audit expenses	(2,991,408)	(1,317,793)
Changes in litigation provision (Note: 15)	636,543	(767,907)
Maintenance and repairment expenses	(4,986,198)	(2,279,814)
Rent expenses	(2,017,626)	(3,818,261)
Changes in doubtful provisions (Note: 6)	(13,295,813)	(5,370,659)
Office expenses	(15,015,665)	(6,592,649)
Representation and hospitality expenses	(4,633,997)	(513,275)
Insurance expenses	(2,385,869)	(782,882)
Transportation expenses	(264,958)	(350,473)
Other expenses	(21,629,081)	(13,437,800)
	<u>(5,978,427,161)</u>	<u>(2,015,554,870)</u>



## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

### AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

#### 22. EXPENSES BY NATURE (cont'd)

##### Fees for services received from an independent audit firm

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

	1 January- 31 December 2022	1 January- 31 December 2021
Independent audit fee for the reporting period	925,000	420,000
	<u>925,000</u>	<u>420,000</u>

#### 23. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for the years ended 31 December 2022 and 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
FX gains from trade receivables and payables	62,602,940	88,777,749
Scrap sales income	11,045,328	6,594,112
Insurance income	9,522,081	3,171,295
Rediscount income	275,291	471,337
Compensation and fine income	-	11,750
Interest income	60,605	-
Other income	5,493,888	11,002,648
	<u>89,000,133</u>	<u>110,028,891</u>

The details of other expenses from operating activities for the years ended 31 December 2022 and 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
FX losses from trade receivables and payables	(41,690,815)	(33,891,371)
Donations and grants (*)	(9,909,614)	(11,089,974)
Accident and damage expenses	(6,082,859)	(6,152,064)
Rediscount expenses	(1,741,171)	(1,667,606)
Compensation and fine expenses	(1,033,276)	-
Other expenses	(8,280,561)	(2,084,185)
	<u>(68,738,296)</u>	<u>(54,885,200)</u>

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

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

### AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

#### 24. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

The details of income from investing activities for the years ended 31 December 2022 and 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Rent income (*)	85,365,484	39,384,575
Gain on sale of fixed assets	14,037,362	4,894,865
Investment property sale profit	5,031,831	528,369
Interest income from financial investments	15,127,967	-
Foreign exchange gains from financial investments	72,260,816	-
Other	73,680	1,975,466
	<u>191,897,140</u>	<u>46,783,275</u>

(\*) Includes the rent income from investment properties.

The details of expenses from investing activities for the years ended 31 December 2022 and 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Depreciation expenses from investment property	(3,387,703)	(3,442,210)
Real estate tax for investment property	(2,781,127)	(2,097,446)
Loss on sale of fixed assets	(1,074,788)	-
Securities losses	(1,265,131)	-
	<u>(8,508,749)</u>	<u>(5,539,656)</u>

#### 25. FINANCE INCOME AND EXPENSES

The details of income from finance activities for the years ended 31 December 2022 and 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Foreign exchange gains	211,883,936	240,760,239
Interest income	37,869,379	23,185,474
Maturity difference income	1,950,006	-
Interest income from trade receivables	1,275,624	-
Other financial income	3,940,282	-
	<u>256,919,227</u>	<u>263,945,713</u>





## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 25. FINANCE INCOME AND EXPENSES (cont'd)

The details of expenses from finance activities for the years ended 31 December 2022 and 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Foreign exchange losses	(196,238,156)	(167,003,024)
Interest expenses	(108,973,714)	(22,088,293)
Interest expense of TFRS 16 (Note: 14)	(7,276,659)	(4,196,901)
Exchange losses of TFRS 16 (Note: 14)	(736,661)	(92,504)
Other interest and commission expenses	(13,970,758)	-
	<u>(327,195,948)</u>	<u>(193,380,722)</u>

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

#### Corporate Tax

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

In Turkey, the corporate tax rate is 20%. However, within the scope of the Law No. 7316 on the "Law on the Collection of Public Claims and Amendments to Some Laws" published in the Official Gazette dated 22 April 2021, this rate will be applied as 23% for the corporate earnings of the 2022 taxation period, starting from the declarations that must be submitted as of 1 July 2021 (31 December 2021: 25%).

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

Companies calculate a temporary tax of 23% on their quarterly financial profits and declare until the 14th day of the second month following that period and pay it until the seventeenth day. The paid temporary tax within the year is deducted from the corporate tax to be calculated over the corporate tax declaration to be given the following year. If there is a temporary tax remaining despite the offset, this amount may be refunded in cash or deducted from any other financial debt against the state.

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

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### Corporate Tax (cont'd)

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

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

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis. As of 31 December 2022, current income tax payables have been offset against the prepaid taxes in entity basis, but such offset amounts have been classified in gross basis in the consolidated financial statements. Prepaid taxes and corporate tax provision have been demonstrated as follows:

#### Investment Incentives

The revoked phrase "only attributable to "2006, 2007 and 2008" stated in Provisional Article 69 of Income Tax Law No:193 with the effect of Article 5 of Law No:6009 after having published in the Official Gazette No: 27659 as at 1 August 2010 and the Constitutional Court's issued resolution no: 2009/144 published in the Official Gazette as at 8 January 2010 has been revised. The revised regulation allows companies to continue to benefit from the exception of undeductible and carry forward investment incentive due to insufficient earnings irrespective of having any time constraints. However, deductible amount for investment incentive exception used in the determination of tax base cannot exceed 25% of the related period's income. In addition, companies that opt to use the investment incentive exemption are allowed to apply (22%) of income tax, instead of 30% under the related revised regulation.

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

	31 December 2022	31 December 2021
<u>Current tax liability</u>		
Current tax provision	314,001,437	143,338,567
Less: Prepaid taxes and funds	(273,085,528)	(97,537,431)
	<u>40,915,909</u>	<u>45,801,136</u>



## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### Corporate Tax (cont'd)

As of 31 December 2022 and 2021, the distribution of consolidated tax expense is as follows:

	31 December 2022	31 December 2021
Corporate tax (-)	(314,001,437)	(143,338,567)
Deferred tax income	500,537,819	154,113,610
Adjustments made with respect to prior period taxes	2,992,014	-
Tax income/expenses incurred within the scope of tax incentives	-	(16,396,263)
	<u>189,528,396</u>	<u>(5,621,220)</u>

#### Tax recognized directly in equity

	1 January - 31 December 2022		
	Before tax amount	Tax expense/ income	Net of tax amount
Remeasurement Losses of Defined Benefit Plans	(64,125,889)	12,825,178	(51,300,711)
Portion of Other Comprehensive Income from Investments Valued by Equity Method	692,887,637	(34,644,382)	658,243,255
Other comprehensive income	<u>628,761,748</u>	<u>(21,819,204)</u>	<u>606,942,544</u>
	1 January - 31 December 2021		
	Before tax amount	Tax expense/ income	Net of tax amount
Portion of Other Comprehensive Income from Investments Valued by Equity Method	(46,470,767)	2,323,788	(44,146,979)
Other comprehensive income	<u>(46,470,767)</u>	<u>2,323,788</u>	<u>(44,146,979)</u>

#### Deferred Tax:

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

The tax rate used in the calculation of deferred tax assets and liabilities is 23% over the temporary timing differences expected to reverse in 2022 (2021: 23%), and 20% over the temporary timing differences expected to reverse after 2022 (2021: 20%).

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### Deferred Tax (cont'd):

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

	31 December 2022	31 December 2021
Temporary differences from property, plant and equipment and intangible assets	607,886,877	122,505,344
Receivable rediscount	1,573,181	-
Sellers and rediscount of issued promissory notes	(1,032,201)	-
Provision for employment termination benefits	14,465,401	11,710,796
Seniority incentive bonus	5,717,110	2,250,735
Unused vacation liability	2,359,077	1,001,665
Provision for land restoration provision	2,719,612	1,393,495
Provision for doubtful receivables (including TFRS 9 impact)	8,287,028	7,236,325
Provision for legal claims	4,655,146	4,190,108
Temporary differences from inventories	900,211	1,168,154
Expected credit losses from demand and time deposits - TFRS 9	368,493	209,883
Deductible prior years' losses	1,280,257	-
Borrowings from right-of-use assets and lease transactions	1,379,661	575,412
Temporary differences from investment property	-	1,010,189
Financial asset value increases	(35,271,954)	(10,636,040)
Other	6,017,366	(1,918,291)
	<u>621,305,265</u>	<u>140,697,775</u>
Less: Provision for deferred tax asset	(1,280,257)	-
Deferred tax asset	657,847,627	186,196,931
Deferred tax liability	(37,822,619)	(45,499,156)
Deferred tax liability, net	<u>620,025,008</u>	<u>140,697,775</u>

(\*) The Company revalued its immovables and other property, plant and equipment subject to depreciation in its financial statements prepared in accordance with the Tax Procedure Law (TPL), and as a result of this transaction, a value increase fund amounting to TL 3,700,407,410 was recognized. This transaction has been corrected in the financial statements prepared in accordance with Turkish Financial Reporting Standards (TFRS), and as a result, deferred tax assets amounting to TL 740,081,482 have been recognized.





## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

*Deferred tax (cont'd):*

Movement of deferred tax (assets) / liabilities as of 31 December 2022 is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
<b>Movement of deferred tax liabilities:</b>		
Opening balance as of 1 January	140,697,775	(15,739,623)
Charged to statement of income	500,537,819	154,113,610
Currency protected deposit tax effect recognized in the income statement	608,618	-
Charged to equity	(21,819,204)	2,323,788
Closing balance	<u>620,025,008</u>	<u>140,697,775</u>

Total charge for the year can be reconciled to the accounting profit as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
<b>Income tax reconciliation:</b>		
Income before tax from operating activities	1,897,087,574	648,052,982
Effective tax rate	23%	25%
Expected taxation expenses	(436,330,142)	(162,013,246)
Tax effect of:		
- Non-deductible expenses	(27,797,972)	(11,798,189)
- Withholding expense related to dividend		
- Discount and donations	20,944,405	6,023,933
- Reduced tax effect within the scope of the incentive	45,297,904	10,449,302
- Tax expenses incurred within the scope of tax incentives	11,233,037	16,396,263
- Inflation valuation effect on tax records of property, plant and equipment	576,118,836	155,622,598
- Tax effect of other adjustments	670,946	(20,301,881)
- The tax incentive effect of currency-protected deposits	(608,618)	-
Tax expense in the statement of profit or loss	<u>189,528,396</u>	<u>(5,621,220)</u>

### 27. EARNINGS PER SHARE

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

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

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 27. EARNINGS PER SHARE (cont'd)

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

	1 January- 31 December 2022	1 January- 31 December 2021
Profit for the period	2,086,615,970	642,431,762
Weighted average number of ordinary shares (TL 1 nominal value per share earnings per share)	150,213,600	150,213,600
	13.89	4.28

### 28. FINANCIAL INSTRUMENTS

#### Financial Investments

	Short-term		Long-term	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
<b>Financial assets at fair value through profit or loss</b>				
a) Eurobonds	136,639,298	-	-	111,589,096
b) Non-listed company shares	-	-	136,205	136,205
<b>Financial assets at fair value through other comprehensive income</b>				
d) Non-listed company shares	-	-	1,110,136,973	417,225,599
<b>Financial assets at amortized cost</b>				
e) Term deposits with a maturity of more than 3 months	11,465,891	7,767,675	-	-
	<u>148,105,189</u>	<u>7,767,675</u>	<u>1,110,273,178</u>	<u>528,950,900</u>

a) Eurobonds:

	31 December 2022			
	Nominal Value	Carrying Value	Change	Profit / (Loss)
Eurobonds	147,541,259	136,639,298	(10,901,961)	(10,901,961)
	<u>147,541,259</u>	<u>136,639,298</u>	<u>(10,901,961)</u>	<u>(10,901,961)</u>
	31 December 2021			
	Nominal Value	Carrying Value	Change	Profit / (Loss)
Eurobonds	115,850,257	111,589,096	(4,261,161)	930,026
	<u>115,850,257</u>	<u>111,589,096</u>	<u>(4,261,161)</u>	<u>930,026</u>

As of 31 December 2022, the Company's financial investments, whose fair value changes are reflected in profit or loss, consist of funds issued by the Private Sector and traded in the international market.



## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 28. FINANCIAL INSTRUMENTS (cont'd)

#### Financial Investments (cont'd)

b) Non-listed company shares:

	Participation Rate (%)	31 December 2022	Participation Rate (%)	31 December 2021
Associates				
Cementos Esfera S.A.	10	2,433,760	10	2,433,760
Çimpaş Çimento ve İnşaat Mlz. Paz. A.Ş. (*)	12,07	90,900	12,07	90,900
Kosbaş Kocaeli Serbest Bölgesi (*)	<1	37,500	<1	37,500
Antalya Güç Birliği (*)	<1	7,805	<1	7,805
		<u>2,569,965</u>		<u>2,569,965</u>
Impairment provision - Cementos Esfera S.A.		(2,433,760)		(2,433,760)
		<u>136,205</u>		<u>136,205</u>

(\*) As of 31 December 2022 and 31 December 2021, Çimpaş Çimento ve İnşaat Mlz. Paz. A.Ş., Cementos Esfera SA, Antalya Güç Birliği and Kosbaş Kocaeli Serbest Bölgesi, which are the Company's assets at fair value through other comprehensive income, do not significantly affect the consolidated financial statements and it is not possible to calculate the fair values of these investments in a reasonable manner, these financial non-current assets are carried at their cost in the consolidated statement of financial position.

c) Listed company shares:

Stocks	31 December 2022	31 December 2021
Oyak Çimento Fabrikaları A.Ş.	1,110,136,973	417,225,599
	<u>1,110,136,973</u>	<u>417,225,599</u>

(\*) The explanation about the transaction is explained in detail in Note 1.

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

The Group also has time deposits with a maturity of more than 3 months at an interest rate of 3.25% amounting to USD 611,724, equivalent to TL 11,465,891. Related amount is shown under short-term financial investments (31 December 2021: TL 7,767,675).

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 28. FINANCIAL INSTRUMENTS (cont'd)

#### Financial Liabilities

	31 December 2022	31 December 2021
Short-term bank borrowings	647,446,634	248,000,000
Short-term portions of long-term borrowings	394,272,492	159,639,079
Short-term portions of long-term lease liabilities	6,199,388	1,943,928
Total short-term borrowings	<u>1,047,918,514</u>	<u>409,583,007</u>
Long-term bank borrowings	209,884,714	312,655,357
Long-term lease liabilities	43,046,881	23,044,387
Total financial borrowings	<u>1,300,850,109</u>	<u>745,282,751</u>

As of 31 December 2022 and 2021, details of the short and long-term borrowings which are Group used are stated below:

Currency	Interest Rate (%)	31 December 2022	
		Current	Non-Current
EUR	4.50-8.07	134,318,286	199,349,000
TL	8.50-15.50	252,960,340	10,535,714
USD	2.75-8.75	654,440,500	-
		<u>1,041,719,126</u>	<u>209,884,714</u>
Currency	Interest Rate (%)	31 December 2021	
		Current	Non-Current
EUR	2.65	147,347,179	-
USD	2.75 - 2.85	859,294	194,662,500
TL	8.50 - 15.50	259,432,606	117,992,857
		<u>407,639,079</u>	<u>312,655,357</u>

Maturity of borrowings are stated below:

	31 December 2022			31 December 2021		
	Bank Borrowings	Lease Liabilities	Total Borrowings	Bank Borrowings	Lease Liabilities	Total Borrowings
To be paid within 1 year	1,041,719,126	6,199,388	1,047,918,514	400,181,936	1,943,928	402,125,864
To be paid between 1-2 years	50,000,000	8,578,746	58,578,746	294,662,500	1,871,949	296,534,449
To be paid between 2-3 years	159,884,714	3,087,707	162,972,421	-	2,092,201	2,092,201
To be paid between 3-4 years	-	2,069,191	2,069,191	25,450,000	1,060,668	26,510,668
To be paid between 4-5 years	-	2,387,385	2,387,385	-	1,153,416	1,153,416
To be paid between 5+ years	-	26,923,852	26,923,852	-	16,866,153	16,866,153
	<u>1,251,603,840</u>	<u>49,246,269</u>	<u>1,300,850,109</u>	<u>720,294,436</u>	<u>24,988,315</u>	<u>745,282,751</u>





## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 28. FINANCIAL INSTRUMENTS (cont'd)

#### Financial Liabilities (cont'd)

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

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

	1 January 2022	Financing cash- flows (net)	Non-cash changes			31 December 2022
			Interest accrual adjustment	Foreign currency movement	New lease liabilities	
Bank loans	720,294,436	387,461,565	(15,503,197)	159,351,036	-	1,251,603,840
Lease liabilities	24,988,315	(13,354,421)	7,276,660	-	30,335,715	49,246,269
	<u>745,282,751</u>	<u>374,107,144</u>	<u>(8,226,537)</u>	<u>159,351,036</u>	<u>30,335,715</u>	<u>1,300,850,109</u>

	1 January 2021	Financing cash- flows (net)	Non-cash changes			31 December 2021
			Interest accrual adjustment	Foreign currency movement	New lease liabilities	
Bank loans	297,985,128	303,283,425	5,358,936	113,666,947	-	720,294,436
Lease liabilities	22,727,456	(4,139,836)	4,196,901	-	2,203,794	24,988,315
	<u>320,712,584</u>	<u>299,143,589</u>	<u>9,555,837</u>	<u>113,666,947</u>	<u>2,203,794</u>	<u>745,282,751</u>

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

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

### 29. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

#### a) Capital risk management

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

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

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

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### a) Capital risk management (cont'd)

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

During 2022, the Group's strategy, which was unchanged from 2021, was to maintain the gearing ratio which is calculated by financial liabilities minus cash and cash equivalents and short-term financial liabilities. The gearing ratios at 31 December 2022 and 2021 were as follows:

	31 December 2022	31 December 2021
Financial Liabilities (Note: 29)	1,300,850,109	745,282,751
Less: Cash and Cash Equivalents and Short-Term Financial Investments (Note: 34)	(1,291,811,366)	(561,651,947)
Net Debt	9,038,743	183,630,804
Total Equity	4,542,449,309	2,171,850,035
Total Capital	4,551,488,052	2,355,480,839
Net Debt/Total Capital Ratio	0.20%	7.80%

#### b) Financial Risk Factors

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

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

#### b.1) Credit risk management

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

(Amounts expressed in Turkish Lira (TL))

**29. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)**
**b) Financial Risk Factors (cont'd)**
***b.1) Credit risk management (cont'd)***

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

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

***Overview of the Group's exposure to credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As of 31 December 2022, the maximum risks that the Group may be exposed to as a result of the failure of the counterparties to fulfill their obligations arise from the following factors:

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

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

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

**NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES**
**AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 AS OF 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira (TL))

**29. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)**
**b) Financial Risk Factors (cont'd)**
***b.1) Credit risk management (cont'd)***
**Credit risk exposure based on financial instrument categories**

	Receivables			Checks with a maturity of less than three months	Financial Investments
	Trade Receivables	Other Receivables	Other Receivables		
	Related Party	Other Party	Related Party	Third Party	
<b>31 December 2022</b>					
Minimum credit risk exposure at the balance sheet date (*)	-	876,729,355	-	156,764,906	1,246,912,476
- Secured portion of minimum credit risk via guarantee or etc. (**)	-	441,341,730	-	-	-
A. Net book value of not due or not impaired financial assets	-	729,982,520	-	156,764,906	1,246,912,476
B. Net book value of assets that are due but not impaired	-	146,746,835	-	-	-
- Overdue (gross book value)	-	146,746,835	-	-	-
- Secured net value via guarantee or etc.	-	126,597,500	-	-	-
C. Net book value of impaired assets	-	-	-	-	-
- Overdue (gross book value)	-	82,805,729	-	1,498,878	-
- Impairment (-)	-	(82,805,729)	-	(1,498,878)	-
- Secured net value via guarantee or etc.	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured net value via guarantee or etc.	-	-	-	-	-
D. Off balance sheet items bearing credit risk	-	-	-	-	-

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



(Amounts expressed in Turkish Lira (TL))

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

**b) Financial Risk Factors (cont'd)**

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

Credit risk exposure based on financial instrument categories	Receivables					Checks with a maturity of less than three months	Financial Investments
	Trade Receivables	Other Receivables	Related Party	Other Party	Third Party		
<b>31 December 2021</b>							
Minimum credit risk exposure at the balance sheet date (*)	17,800	433,727,606	-	56,814,885	-	96,588,895	536,718,575
- Secured portion of minimum credit risk via guarantee or etc. (**)	-	321,816,589	-	-	-	-	-
A. Net book value of not due or not impaired financial assets	17,800	402,036,334	-	56,814,885	-	96,588,895	536,718,575
B. Net book value of assets that are due but not impaired	-	31,691,272	-	-	-	-	-
- Overdue (gross book value)	-	31,691,272	-	-	-	-	-
- Secured net value via guarantee or etc.	-	26,611,390	-	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-	-
- Overdue (gross book value)	-	83,984,936	-	1,498,878	-	-	-
- Impairment (-)	-	(83,984,936)	-	(1,498,878)	-	-	-
- Secured net value via guarantee or etc.	-	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured net value via guarantee or etc.	-	-	-	-	-	-	-
D. Off balance sheet items bearing credit risk	-	-	-	-	-	-	-

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

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

**b) Financial Risk Factors (cont'd)**

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

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

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

Aging of overdue receivables is as follows:

	Trade Receivables	
	31 December 2022	31 December 2021
Past due up to 1-90 days	134,730,963	24,051,034
Past due 3-6 months	2,473,998	1,787,006
Past due 6-9 months	493	4,401,221
Past due 9-12 months	-	880,942
Past due over 1 year	9,541,381	571,069
Total overdue receivables	146,746,835	31,691,272
Secured portion with guarantee letter	(126,597,500)	(26,611,390)
	20,149,335	5,079,882

**b.2) Liquidity risk management**

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

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



## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

### AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

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

31 December 2022

Due dates on agreement	Carrying Value	Cash outflows according to agreements			
		(I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
<b>Non-derivative financial instruments</b>					
Bank loans	1,251,603,840	1,330,213,670	87,103,190	1,014,571,359	228,539,121
Lease liabilities	49,246,269	138,661,945	6,985,236	10,912,467	120,764,242
Trade payables	644,831,661	644,831,661	644,831,661	-	-
Other payables	28,637,624	28,637,624	28,637,624	-	-
Payables related to employee benefits	24,019,245	24,019,245	24,019,245	-	-
<b>Total liabilities</b>	<b>1,998,338,639</b>	<b>2,166,364,145</b>	<b>791,576,956</b>	<b>1,025,483,826</b>	<b>349,303,363</b>

31 December 2021

Due dates on agreement	Carrying Value	Cash outflows according to agreements			
		(I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
<b>Non-derivative financial instruments</b>					
Bank loans	720,294,436	759,521,691	3,004,601	417,221,872	339,295,218
Lease liabilities	24,988,315	56,020,138	1,577,412	4,570,183	49,872,543
Trade payables	269,988,577	269,988,577	269,988,577	-	-
Other payables	22,389,733	22,389,733	22,389,733	-	-
Payables related to employee benefits	9,527,928	9,527,928	9,527,928	-	-
<b>Total liabilities</b>	<b>1,047,188,989</b>	<b>1,117,448,067</b>	<b>306,488,251</b>	<b>421,792,055</b>	<b>389,167,761</b>

##### *b.3) Market risk management*

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

Market risk exposures are supplemented by sensitivity analysis.

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

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

### AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

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

##### *b.3.1) Foreign currency risk management*

Transactions denominated in foreign currencies result in foreign currency risk.

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

	31 December 2022				
	TL Equivalent (Functional currency)	US Dollars	Euro	GBP	CHF
1. Trade receivables	1,747,971	93,048	408	-	-
2a. Monetary Financial Assets	1,123,527,577	50,693,577	8,805,589	4,683	-
2b. Non-Monetary Financial Assets	-	-	-	-	-
<b>4. CURRENT ASSETS</b>	<b>1,125,275,548</b>	<b>50,786,625</b>	<b>8,805,997</b>	<b>4,683</b>	<b>-</b>
6a. Monetary Financial Assets	-	-	-	-	-
<b>8. NON-CURRENT ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. TOTAL ASSETS</b>	<b>1,125,275,548</b>	<b>50,786,625</b>	<b>8,805,997</b>	<b>4,683</b>	<b>-</b>
10. Trade Payables	(94,353,617)	(2,586,216)	(2,293,537)	(4,788)	(8,250)
11. Financial Liabilities	(788,758,783)	(35,000,000)	(6,737,846)	-	-
12a. Monetary Other Liabilities	(9,750,234)	(521,450)	-	-	-
<b>13. CURRENT LIABILITIES</b>	<b>(892,862,634)</b>	<b>(38,107,666)</b>	<b>(9,031,383)</b>	<b>(4,788)</b>	<b>(8,250)</b>
15. Financial Liabilities	(199,349,000)	-	(10,000,000)	-	-
16b. Monetary Other Liabilities	-	-	-	-	-
<b>17. NON-CURRENT LIABILITIES</b>	<b>(199,349,000)</b>	<b>-</b>	<b>(10,000,000)</b>	<b>-</b>	<b>-</b>
<b>18. TOTAL LIABILITIES</b>	<b>(1,092,211,634)</b>	<b>(38,107,666)</b>	<b>(19,031,383)</b>	<b>(4,788)</b>	<b>(8,250)</b>
<b>20. Net foreign currency asset / (liability) position (9+18)</b>	<b>33,063,914</b>	<b>12,678,959</b>	<b>(10,225,386)</b>	<b>(105)</b>	<b>(8,250)</b>
<b>21. Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>33,063,914</b>	<b>12,678,959</b>	<b>(10,225,386)</b>	<b>(105)</b>	<b>(8,250)</b>
<b>23. Import</b>	<b>1,758,262,688</b>	<b>101,710,004</b>	<b>4,287,176</b>	<b>19,525</b>	<b>-</b>
<b>24. Export</b>	<b>4,303,020,853</b>	<b>258,786,666</b>	<b>1,139,758</b>	<b>-</b>	<b>-</b>





## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

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

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

	31 December 2021				
	TL Equivalent (Fuctional currency)	US Dollars	Euro	GBP	CHF
1. Trade receivables	114,587,470	8,827,731	1,743	-	-
2a. Monetary Financial Assets	342,507,202	23,050,239	2,949,922	3,500	-
2b. Non-Monetary Financial Assets	111,589,097	8,598,659	-	-	-
<b>4. CURRENT ASSETS</b>	<b>568,683,769</b>	<b>40,476,629</b>	<b>2,951,665</b>	<b>3,500</b>	<b>-</b>
6a. Monetary Financial Assets	14,102,561	527,760	494,034	-	-
<b>8. NON-CURRENT ASSETS</b>	<b>14,102,561</b>	<b>527,760</b>	<b>494,034</b>	<b>-</b>	<b>-</b>
<b>9. TOTAL ASSETS</b>	<b>582,786,330</b>	<b>41,004,389</b>	<b>3,445,699</b>	<b>3,500</b>	<b>-</b>
10. Trade Payables	(34,560,320)	(2,010,226)	(577,063)	-	-
11. Financial Liabilities	(148,160,252)	(62,653)	(10,035,701)	-	-
12a. Monetary Other Liabilities	(6,852,109)	(527,490)	(450)	-	-
<b>13. CURRENT LIABILITIES</b>	<b>(189,572,681)</b>	<b>(2,600,369)</b>	<b>(10,613,214)</b>	<b>-</b>	<b>-</b>
15. Financial Liabilities	(194,662,500)	(15,000,000)	-	-	-
16b. Monetary Other Liabilities	(30,617,596)	(2,181,343)	(157,279)	-	-
<b>17. NON-CURRENT LIABILITIES</b>	<b>(225,280,096)</b>	<b>(17,181,343)</b>	<b>(157,279)</b>	<b>-</b>	<b>-</b>
<b>18. TOTAL LIABILITIES</b>	<b>(414,852,777)</b>	<b>(19,781,712)</b>	<b>(10,770,493)</b>	<b>-</b>	<b>-</b>
<b>20. Net foreign currency asset / (liability) position (9+18)</b>	<b>167,933,553</b>	<b>21,222,677</b>	<b>(7,324,794)</b>	<b>3,500</b>	<b>-</b>
<b>21. Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>167,933,553</b>	<b>21,222,677</b>	<b>(7,324,794)</b>	<b>3,500</b>	<b>-</b>
<b>23. Import</b>	<b>603,321,458</b>	<b>64,995,997</b>	<b>2,765,460</b>	<b>-</b>	<b>-</b>
<b>24. Export</b>	<b>1,491,060,613</b>	<b>168,276,943</b>	<b>351,633</b>	<b>-</b>	<b>-</b>

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

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

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

##### Foreign currency sensitivity analysis

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

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

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

	31 December 2022		31 December 2021	
	Profit / Loss	Profit / Loss	Profit / Loss	Profit / Loss
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case 20% appreciation of USD against TL				
1 - USD net asset / liability	47,414,994	(47,414,994)	55,083,458	(55,083,458)
2- Amount hedged USD risk (-)	-	-	-	-
<b>3- USD net effect (1 +2)</b>	<b>47,414,994</b>	<b>(47,414,994)</b>	<b>55,083,458</b>	<b>(55,083,458)</b>
In case 20% appreciation of Euro against TL				
4 - Euro net asset / liability	(40,768,408)	40,768,408	(21,508,965)	21,508,965
5- Amount hedged Euro risk (-)	-	-	-	-
<b>6- Euro net effect (4 +5)</b>	<b>(40,768,408)</b>	<b>40,768,408</b>	<b>(21,508,965)</b>	<b>21,508,965</b>
In case 20% appreciation of other currencies against TL				
7 - Other currencies net asset / liability	(33,803)	33,803	12,217	(12,217)
8- Amount hedged other currencies risk (-)	-	-	-	-
<b>9- Other currencies net effect (7 +8)</b>	<b>(33,803)</b>	<b>33,803</b>	<b>12,217</b>	<b>(12,217)</b>
<b>TOTAL (3 + 6 +9)</b>	<b>6,612,783</b>	<b>(6,612,783)</b>	<b>33,586,710</b>	<b>(33,586,710)</b>



## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

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

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

###### Foreign exchange forward contracts

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

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

##### b.3.2) Interest rate risk management

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

###### Interest rate sensitivity analysis

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

	Interest Rate Position Table	
	31 December 2022	31 December 2021
<b>Fixed Rate Instruments</b>		
<b>Financial Assets</b>	<b>2,142,220,926</b>	<b>1,076,897,716</b>
Time Deposits (TL)	105,370,093	62,824,346
Time Deposits (Foreign Currency)	785,246,993	293,778,934
Total Time Deposits (Note: 34)	890,617,086	356,603,280
Financial Liabilities (TL)	263,496,054	377,425,463
Financial Liabilities (Foreign Currency)	988,107,786	342,868,973
Lease Liabilities (TL)	49,246,269	24,815,772
Lease Liabilities (Foreign Currency)	-	172,543
<b>Variable Rate Instruments</b>		
<b>Financial Liabilities</b>		
Financial Liabilities (Foreign Currency)	-	-
Total Financial Liabilities (Note: 29)	1,300,850,109	745,282,751

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

31 December 2022	Financial assets at amortized cost	FVTPL	FVTOCI	Financial liabilities at amortized cost	Carrying value	Note
<b>Financial assets</b>						
Cash and cash equivalents	1,143,706,177	-	-	-	1,143,706,177	33
Trade receivables (including receivables from related parties)	876,729,355	-	-	-	876,729,355	6
Financial investments	148,105,189	136,205	1,110,136,973	-	1,258,378,367	28
Other receivables	156,764,906	-	-	-	156,764,906	7
<b>Financial liabilities</b>						
Bank loans	-	-	-	1,300,850,109	1,300,850,109	28
Trade payables	-	-	-	644,831,661	644,831,661	6
Other payables	-	-	-	28,637,624	28,637,624	7
Payables related to employee benefits	-	-	-	24,019,245	24,019,245	17
<b>31 December 2021</b>						
<b>Financial assets</b>						
Cash and cash equivalents	553,884,272	-	-	-	553,884,272	33
Trade receivables (including receivables from related parties)	433,745,406	-	-	-	433,745,406	6
Financial investments	119,356,771	136,205	417,225,599	-	536,718,575	28
Other receivables	56,814,885	-	-	-	56,814,885	7
<b>Financial liabilities</b>						
Bank loans	-	-	-	745,282,751	745,282,751	28
Trade payables	-	-	-	269,988,577	269,988,577	6
Other payables	-	-	-	22,389,733	22,389,733	7
Payables related to employee benefits	-	-	-	9,527,928	9,527,928	17

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





## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

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

#### Fair Value of Financial Instruments

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

- Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- Level 2: the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions

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

None.

### 32. EVENTS AFTER THE REPORTING PERIOD

None.

### 33. NOTES ON THE STATEMENT OF CASH FLOWS

	31 December 2022	31 December 2021
Cash on hand	36,855	28,577
Cash at banks	1,082,988,643	457,266,800
<i>Demand deposits</i>	203,837,448	108,431,195
<i>Time deposits</i>	879,151,195	348,835,605
Cheques and notes received	60,680,679	96,588,895
Cash and Cash Equivalents as shown in cash flows	<u>1,143,706,177</u>	<u>553,884,272</u>
Less: Time deposits over 3 months maturity	11,465,891	7,767,675
Cash and Cash Equivalents	<u>1,155,172,068</u>	<u>561,651,947</u>

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

## NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL))

### 33. NOTES ON THE STATEMENT OF CASH FLOWS (cont'd)

As of 31 December 2022 and 2021, maturities of the Group's time deposits which are less than 3 months are stated below:

<u>Currency</u>	<u>Interest rate (%)</u>	<u>31 December 2022</u>
TL	14.00 - 18.50	105,370,093
US Dollars	0.50 - 4.50	697,158,054
Euro	1.75 - 3.40	76,623,048
		<u>879,151,195</u>

<u>Currency</u>	<u>Interest rate (%)</u>	<u>31 December 2021</u>
TL	14.75 - 23.00	62,824,346
US Dollars	0.15 - 1.75	286,011,259
		<u>348,835,605</u>

As of 31 December 2022, the maturities of time deposits vary between 3 and 90 days (31 December 2021 – 3 to 90 days). Interest rates on time deposits are fixed.



# CORPORATE GOVERNANCE COMPLIANCE REPORT

	Yes	Partially	No	Exempt	Irrelevant	Explanation
<b>1.1. FACILITATING THE USE OF SHAREHOLDERS' RIGHTS</b>						
1.1.2 - Information and disclosures that may affect the exercise of shareholder rights are currently made available to investors on the partnership's corporate website.	X					
<b>1.2. THE RIGHT TO RECEIVE AND EXAMINE INFORMATION</b>						
1.2.1- The company management has refrained from taking any action that would make it difficult to carry out a special audit.	X					
<b>1.3. GENERAL ASSEMBLY</b>						
1.3.2 - The Company has ensured that the agenda of the General Assembly is clearly stated and that each proposal is submitted under a separate heading.	X					
1.3.7 - Persons who have privileged access to partnership information have informed the board of directors to be added to the agenda in order to provide information on the transactions they have made on their behalf within the scope of the activity of the partnership in the general assembly.					X	There was no such transaction notification.
1.3.8 - Members of the board of directors, other relevant persons, officials and auditors responsible for the preparation of the financial statements were present at the general assembly meeting.	X					
1.3.10- The amounts of all donations and aids and the beneficiaries are included in a separate item on the agenda of the General Assembly.		X				Donations and aids were included in the agenda of the General Assembly with a separate item. The total amount and the details of the highest amount of donations are included in the general assembly information document for the year 2022.
1.3.11 - The General Assembly meeting was open to the public, including the stakeholders and the media, without the right to speak.	X					
<b>1.4. RIGHT TO VOTE</b>						
1.3.11 - The General Assembly meeting was open to the public, including the stakeholders and the media, without the right to speak.	X					
1.4.2-The company does not have any shares with privileged voting rights.	X					
1.4.3 - The Company has not exercised its voting rights in the General Assembly of any partnership with which it is in a mutual participation relationship, which also brings with it a dominance relationship.					X	Nuh Çimento does not have a mutual shareholding relationship that brings with it the relationship of dominance.
<b>1.5. MINORITY RIGHTS</b>						
1.5.1- The Company has paid maximum attention to the exercise of minority rights.	X					
1.5.2-Minority rights are also granted to those who have less than one twentieth of the capital in the articles of association, and the scope of minority rights has been extended by arranging them in the articles of association.		X				Minority rights are not granted to holders of less than one twentieth of the capital with the articles of association, and rights are provided within the framework of the general regulations in the legislation. There is no demand from the investors to the contrary.
<b>1.6. RIGHT TO PROFIT SHARE</b>						
1.6.1 - The dividend distribution policy approved by the general assembly is disclosed to the public on the corporate website of the partnership.	X					
1.6.2 - The profit distribution policy contains minimum information in a clear way that will allow shareholders to predict the procedures and principles for distributing the profits that the partnership will receive in future periods.	X					
1.6.3 - The reasons for not distributing the profit and the way of using the undistributed profit are stated in the relevant agenda item.					X	Dividend has been distributed.
1.6.4 - The Board of Directors has reviewed whether a balance has been achieved between the interests of the shareholders and the interests of the partnership in the dividend distribution policy.	X					
<b>1.7. TRANSFER OF SHARES</b>						
1.7.1 - There are no restrictions that make the transfer of shares difficult.	X					
<b>2.1. CORPORATE WEBSITE</b>						
2.1.1 - The corporate website of the company contains all the elements included in the corporate governance principle numbered 2.1.1.	X					
2.1.2-Shareholder structure (names, privileges, number and ratio of real person shareholders holding more than 5% of the issued capital) is updated on the corporate website at least every 6 months.	X					
2.1.4 - The information on the corporate website of the company has been prepared in foreign languages chosen according to needs, with the same content as Turkish.		X				The website has been prepared in accordance with the matters specified in the Corporate Governance Principles. A large part of the site has been prepared so that foreign investors can use it.
<b>2.2. ANNUAL REPORT</b>						
2.2.1 - The Board of Directors ensures that the annual report fully and accurately reflects the company's activities.	X					
2.2.2 - The annual activity report contains all the elements contained in the principle numbered 2.2.2.	X					

	Yes	Partially	No	Exempt	Irrelevant	Explanation
<b>3.1. COMPANY POLICY ON STAKEHOLDERS</b>						
3.1.1- Rights of stakeholders are protected within the framework of relevant regulations, contracts and goodwill rules.	X					
3.1.3 - Policies and procedures regarding the rights of stakeholders are published on the corporate website of the company.				X		There is no policy or procedure published on the corporate website related to this issue.
3.1.4 - Necessary mechanisms have been established for stakeholders to report illegal and ethically inappropriate transactions.	X					
3.1.5 - The Company handles conflicts of interest among its stakeholders in a balanced way.	X					
<b>3.2. SUPPORTING STAKEHOLDERS' PARTICIPATION IN COMPANY MANAGEMENT</b>						
3.2.1 - Employees' participation in management is regulated by the articles of association or internal regulations.		X				The participation of the employees in the management is not regulated by the articles of association or internal regulations.
3.2.2 - Methods such as surveys/consultations have been applied to obtain the opinions of stakeholders in important decisions that have consequences for the stakeholders.	X					
<b>3.3. THE COMPANY'S HUMAN RESOURCES POLICY</b>						
3.3.1 - The company has adopted an equal opportunity employment policy and a succession planning for all key managerial positions.		X				There is no written succession plan.
3.3.2 - The criteria for personnel recruitment have been determined in writing.	X					
3.3.3 - The company has a Human Resources Development Policy and in this context, it organizes trainings for employees.	X					
3.3.4 - Meetings were held to inform employees about the financial situation of the company, remuneration, career planning, education and health.		X				Informational meetings and trainings are held on health, education, occupational health and safety.
3.3.5 - Decisions that may affect the employees have been notified to them and their representatives. The opinions of the relevant unions on these issues were also taken.	X					
3.3.6 - Job descriptions and performance criteria were prepared in detail for all employees and announced to them.						
3.3.7 - Measures such as procedures, trainings, awareness raising, targets, monitoring and complaint mechanisms have been taken to prevent discrimination among employees and to protect employees against physical, mental and emotional ill-treatment within the company.	X					
3.3.8 - The company supports the freedom of association and the effective recognition of the right to collective bargaining.	X					
3.3.9 - A safe working environment is provided for the employees.	X					
<b>3.4. RELATIONSHIP WITH CUSTOMERS AND SUPPLIERS</b>						
3.4.1-The company measured customer satisfaction and operated with an understanding of unconditional customer satisfaction.	X					
3.4.2 - When there is a delay in processing the customer's requests for the goods and services purchased, this situation is notified to the customers.	X					
3.4.3 - The company adheres to quality standards for goods and services.	X					
3.4.4 - The Company has controls to protect the confidentiality of sensitive information of customers and suppliers within the scope of trade secrets.	X					
<b>3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY</b>						
3.5.1 - The Board of Directors has determined the Code of Ethics and published it on the corporate website of the company.	X					
3.5.2- The partnership is sensitive to social responsibility. It has taken measures to prevent corruption and bribery.	X					
<b>4.1. FUNCTION OF THE BOARD OF DIRECTORS</b>						
4.1.1-The Board of Directors ensures that strategies and risks do not threaten the long-term interests of the company and that an effective risk management is implemented.	X					
4.1.2-Meeting agenda and minutes reveal that the board of directors discussed and approved the company's strategic goals, determined the resources needed, and audited the performance of the management.	X					

01. MESSAGE TO OUR STAKEHOLDERS

02. OUR CORPORATE PROFILE

03. NUH ÇİMENTO WITH NUMBERS

04. STRATEGY AND MANAGEMENT

05. SUSTAINABILITY MANAGEMENT

06. OUR ECONOMIC PERFORMANCE

07. OUR SOCIAL PERFORMANCE

08. OUR ENVIRONMENTAL PERFORMANCE

09. ANNEXES





# CORPORATE GOVERNANCE INFORMATION FORM

	Yes	Partially	No	Exempt	Irrelevant	Explanation
<b>4.2. PRINCIPLES OF ACTIVITY OF THE BOARD OF DIRECTORS</b>						
4.2.1-The Board of Directors has documented its activities and submitted it to the shareholders' information.	X					
4.2.2-Duties and authorities of the members of the board of directors are explained in the annual report.	X					
4.2.3 - The Board of Directors has established an internal control system suitable for the scale of the company and the complexity of its activities.	X					
4.2.4-Information on the functioning and effectiveness of the internal control system is given in the annual report.	X					
4.2.5 - Duties of chairman of the board of directors and chief executive officer (general manager) are separated and defined.	X					<i>The chairman of the board of directors and the chief executive officer are not the same person. However, it is not stated in the articles of association.</i>
4.2.7-The Board of Directors ensures the effective functioning of the investor relations department and the corporate governance committee, and has worked closely with the investor relations department and the corporate governance committee in resolving the disputes between the company and the shareholders and communicating with the shareholders.	X					
4.2.8 - The Company has taken out a manager's liability insurance for a price exceeding 25% of the capital, in relation to the damages that the members of the board of directors may cause during their duties in the company.	X					
<b>4.3. STRUCTURE OF THE BOARD OF DIRECTORS</b>						
4.2.7-The Board of Directors ensures the effective functioning of the investor relations department and the corporate governance committee, and has worked closely with the investor relations department and the corporate governance committee in resolving the disputes between the company and the shareholders and communicating with the shareholders.			X			<i>A target and time has not been determined to ensure that the rate of female members in the Board of Directors is not less than 25%, and a policy has not yet been established to achieve these targets. There is one female member on the Board of Directors.</i>
4.2.8 - The Company has taken out a manager's liability insurance for a price exceeding 25% of the capital, in relation to the damages that the members of the board of directors may cause during their duties in the company.	X					
<b>4.4. FORM OF BOARD MEETINGS</b>						
4.4.1 - All board members physically attended most board meetings.	X					
4.4.2 - The Board of Directors has defined a minimum period for sending information and documents related to the agenda items to all members before the meeting.		X				<i>It is essential that the information and documents related to the issues to be included in the board of directors meeting are sent to all members before the meeting. However, there is no in-company regulation for the minimum period.</i>
4.4.3 - The opinions of the member who could not attend the meeting but who submitted his/her views in writing to the board of directors were submitted to the information of the other members.	X					
4.4.4 - Each member has the right to one vote in the board of directors.	X					
4.4.5 - The manner in which the meetings of the board of directors will be held has been written down with the internal regulations of the company.			X			<i>All members of the board of directors are informed at the beginning of the year on how the meetings of the board of directors will be held. However, there is no written in-house regulation specific to this issue.</i>
4.4.6 - The memorandum of meeting of the board of directors reveals that all the items on the agenda have been discussed, and the memorandum is prepared in a way that includes dissenting opinions.	X					
4.4.7 - Members of the board of directors are restricted from taking on other duties outside the company. Duties assumed by the members of the board of directors outside the company were presented to the information of the shareholders at the general assembly meeting.			X			<i>Members of the Board of Directors may assume other duties or assignments outside the company. It is not bound by certain rules and is not limited.</i>
<b>4.5. COMMITTEES ESTABLISHED WITHIN THE BOARD OF DIRECTORS</b>						
4.5.5 - Each member of the board of directors serves on only one committee.				X		<i>Due to the structure of the Board of Directors and due to the obligations required by the CMB Legislation, one member necessarily takes part in more than one committee.</i>
4.5.6 - The committees invited the people they deem necessary to take their opinions to the meetings and took their opinions.	X					
4.5.7 - The committees invited the people they deem necessary to take their opinions to the meetings and took their opinions.					X	<i>Counseling service was not received.</i>
4.5.8 - A report was prepared on the results of the committee meetings and presented to the members of the board of directors.	X					
<b>4.6. FINANCIAL RIGHTS PROVIDED TO MEMBERS OF THE BOARD OF DIRECTORS AND MANAGERS WITH ADMINISTRATIVE RESPONSIBILITIES</b>						
4.6.1 - The board of directors has conducted a board performance evaluation to evaluate whether it has fulfilled its responsibilities effectively.			X			<i>No special study has been carried out for the purpose of performance evaluation at the level of the Board of Directors.</i>
4.6.4 - The company did not make any of the members of the board of directors or managers with administrative responsibility use loans, did not lend or extend the term of the loan, did not improve the conditions, did not make loans under the title of personal loan through third parties, or did not give guarantees such as surety in favor of them.	X					
4.6.5 - The remunerations given to the members of the board of directors and executives with administrative responsibility are disclosed in the annual report on an individual basis.			X			<i>In accordance with the Law on the Protection of Personal Data No. 6698, it is disclosed as the total amount instead of on a per-person basis.</i>

## 1. STAKEHOLDERS

### 1.1. Facilitating the Use of Stakeholder Rights

Number of investor conferences and meetings held by the company throughout the year *None.*

### 1.2. The Right to Receive and Examine Information

Number of special auditor requests -

The number of special auditor requests accepted at the general assembly meeting -

### 1.3. GENERAL ASSEMBLY

The link of the KAP announcement in which the information requested under Principle 1.3.1 (a-d) is announced <https://www.kap.org.tr/tr/Bildirim/914637>

Whether the documents related to the general assembly meeting are presented simultaneously in Turkish and in English. *Unavailable.*

Links to KAP announcements regarding transactions without the approval of majority of independent members or unanimous consent of participants, within the scope of principle 1.3.9 *There is no process of this nature.*

Links of KAP announcements related to related party transactions carried out within the scope of article 9 of the Corporate Governance Statement (II-17.1) *There is no process of this nature.*

Links of KAP announcements related to widespread and continuous transactions carried out within the scope of article 10 of the Corporate Governance Statement (II-17.1) *There is no process of this nature.*

The name of the section on the company's corporate website containing the policy on donations and benefits *According to Article 26 of our Articles of Association, 5% of the remainder after the first dividend is allocated as a donation to the Nuh Çimento Education and Health Foundation, which is the founder of our company, to be paid in the form and time determined by the Board of Directors.*

Link to the KAP announcement containing the minutes of the general assembly meeting where the policy on donations and benefits was adopted <https://www.kap.org.tr/tr/Bildirim/920668>

Article number in the articles of association regulating the participation of stakeholders in the general assembly *Article 15*

Information about the stakeholders participating in the general assembly *It was held in public, including stakeholders and the media, without the right to speak at the General Assembly.*

### 1.4. Rights to Vote

Whether there is a concession about the vote *No*

If there is a concession in the vote, the privileged shareholders and the voting ratios -

The partnership ratio of the largest shareholder 44,13%

### 1.5. Minority Rights

Whether the minority rights are extended in the company's articles of association (in terms of content or ratio) or not *No*

If the minority rights have been extended in terms of content and proportion, please specify the number of the relevant articles of association. -

### 1.6. Right to Profit Share

The name of the section where the profit distribution policy is located on the corporate website [www.nuhcimento.com.tr/sikca-sorulan-sorular/](http://www.nuhcimento.com.tr/sikca-sorulan-sorular/)

If the board of directors proposes not to distribute the profit to the general assembly, the reasons for this and the text of the minutes related to the agenda item of the general assembly indicating the manner of use of the profit that has not been distributed -

In case the board of directors proposes not to distribute profits to the general assembly, the link to the KAP announcement containing the relevant general assembly minutes -

### General Assembly Meetings

Date of the General Assembly 25.03.2021

Number of additional explanation requests submitted to the company regarding the general assembly agenda 0

Participation rate of shareholders to the general assembly 63,17%

The proportion of shares directly represented 0,004%

The proportion of shares represented by proxy 63,17%

The name of the section on the company's corporate website where the minutes of the general assembly meeting, showing the positive and negative votes for each agenda item <https://www.nuhcimento.com.tr/sirket-bilgileri/>

The name of the section on the corporate website containing all the questions posed at the general assembly meeting and the answers provided to them <https://www.nuhcimento.com.tr/sirket-bilgileri/>

Item or paragraph number of the minutes of the general assembly meeting related to related parties *Bulunmamaktadır.*

The number of people who notified the board of directors and had the opportunity to access the partnership information in a privileged way (Insider list) 65

Link to the general assembly notification published on KAP <https://www.kap.org.tr/tr/Bildirim/920668>



## 2. PUBLIC DISCLOSURE AND TRANSPARENCY

### 2.1. Corporate Website

On the corporate website 2.1.1. the names of the departments containing the information requested in the numbered corporate governance principle	<i>There is an "Investor Relations" section on our website containing the issues specified in the CMB Corporate Governance Principles</i>
The section on the corporate website containing the list of real person shareholders who own more than 5% of the shares directly or indirectly	<i>There is no real person who owns more than 5% of the shares as a shareholder.</i>
Languages in which the corporate website is prepared	<i>Turkish and English</i>

### 2.2. Annual Report

#### 2.2.2. page numbers or section names in which the information specified in the numbered corporate governance principle is included in the annual report

a) The duties performed by the members of the board of directors and managers outside the company and the page number or section name containing the independence statements of the members	<i>Board of Directors and Committees / Structure and Formation of the Board of Directors</i>
b) Page number or section name of the information related to the committees established within the body of the Board of Directors	<i>Board of Directors and Committees / Structure and Formation of the Board of Directors</i>
c) The page number or section name of the information about the number of meetings of the board of directors during the year and the participation status of the members in the meetings	<i>The Board of Directors and Committees / Principles of Activity of the Board of Directors</i>
ç) The page number or section name of the information about cliques of legislative changes that may significantly affect the company's activities	<i>Other Matters</i>
d) Page number or section name of information about important lawsuits filed against the company and their possible consequences	<i>The Company's Activities and Important Developments Related to the Activities</i>
e) The page number or section name of the information about conflicts of interest between the Company and the institutions from which it receives services such as investment consultancy and rating, and the measures taken to prevent them	<i>Other Matters</i>
f) Page number or chapter name of information about mutual subsidiaries where the direct participation rate in the capital exceeds 5%	<i>There is no mutual subsidiary relationship</i>
g) Page number or chapter name of information about corporate social responsibility activities related to employees' social rights, vocational training and other company activities that have social and environmental consequences	<i>The Company's Activities and Important Developments Related to the Activities</i>

## 3. BENEFICIARIES

### 3.1. Company Policy Regarding Stakeholders

The name of the section on the corporate website where the compensation policy is located	<i>None.</i>
The number of judicial decisions finalized against the company due to violation of employee rights	<i>11</i>
Title of the official related to the notification mechanism	<i>Committee Responsible for Audit and Audit Chairmanship</i>
Information on access to the company's notification mechanism	<i><a href="https://www.nuhcimento.com.tr/iletisim/">https://www.nuhcimento.com.tr/iletisim/</a></i>

### 3.2. Supporting the Participation of Stakeholders in the Management of the Company

The name of the section on the corporate website containing the internal regulations related to the participation of employees in management bodies	<i>None.</i>
Administrative bodies in which employees are represented	<i>Blue collar employees are subject to a Collective Bargaining Agreement, and there is no management body in which our other employees are represented.</i>

### 3.3. The Company's Human Resources Policy

The role of the board of directors in the development of a succession plan for key executive positions	<i>None.</i>
The name of the section where the human resources policy containing equal opportunity and personnel recruitment criteria is located on the corporate website, or a summary of the relevant articles of the policy	<i>None.</i>
Whether there is a share acquisition plan or not	<i>None.</i>
The name of the section where the human resources policy, which includes measures to prevent discrimination and ill-treatment, is located on the corporate website, or a summary of the relevant articles of the policy	<i>None.</i>
The number of judicial decisions finalized against the company due to liability related to occupational accidents	<i>5</i>

### 3.5. Ethical Rules and Social Responsibility

The name of the section on the corporate website where the code of ethics policy is located	<i><a href="https://www.nuhcimento.com.tr/is-etigi-kurallari/">https://www.nuhcimento.com.tr/is-etigi-kurallari/</a></i>
The name of the section where the corporate social responsibility report is located on the corporate website. If there is no corporate social responsibility report, the measures taken on environmental, social and corporate governance issues	<i>The Company's Activities and Important Developments Related to the Activities</i>
Measures taken to combat all forms of corruption, including retaliation and bribery	<i>Internal audit and human resources units are working in coordination.</i>

## 4. BOARD OF DIRECTORS - I

### 4.2. Principles of Activity of the Board of Directors

Date of the latest board of directors performance evaluation	<i>None.</i>
Whether independent experts are used in the performance evaluation of the board of directors	<i>No</i>
Whether all members of the board of directors have been acquitted	<i>Yes</i>
The names of the members of the board of directors whose authority has been transferred to him by the distribution of duties and the content of these powers	<i>There has been no transfer of authority between the members of the Board of Directors</i>
The number of reports submitted by the internal control unit to the supervisory board or other relevant committees	<i>None.</i>
The name or page number of the section where the evaluation of the effectiveness of the internal control system is included in the annual report	<i>Risks and Evaluation of the Board of Directors</i>
Name of the chairman of the board of directors	<i>Tevfik Bilgin</i>
Name of the executive chairman / general manager	<i>Kamil Gökhan Bozkurt (CEO) / Halim Tekkeşin (General Manager)</i>
Link to the KAP announcement stating the reason why the chairman of the board of directors and the executive chairman/general manager are the same person	<i>-</i>
The link to the KAP announcement that the defects of the members of the board of directors during their duties and the damage they will cause in the company are insured at a price exceeding 25% of the company's capital	<i>Liability insurance has been provided. There is no KAP notification.</i>
The name of the section on the corporate website where information is provided about the diversity policy aimed at increasing the proportion of female board members	<i>No policy</i>
The number and ratio of female members	<i>One person -7%</i>

### Structure of the Board of Directors

Name/Surname of the Member of the Board of Directors	Whether He/She Is an Executive Officer Or Not	Whether He/She Is an Independent Member Or Not	Whether the Independent Member has been Evaluated by the Nomination Committee	Whether There Is a Member Who Has Lost His Independence	Whether He Has at Least 5 Years of Experience in the Field of Audit, Accounting and/or Finance
<i>Tevfik Bilgin</i>	<i>Not an Executive Officer</i>	<i>Not an independent member</i>	<i>-</i>	<i>-</i>	<i>Yes</i>
<i>Fikret Eskiyan</i>	<i>Not an Executive Officer</i>	<i>Not an independent member</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Mehmet Eskiyan</i>	<i>Not an Executive Officer</i>	<i>Not an independent member</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Nurcan Yurtbilir</i>	<i>Not an Executive Officer</i>	<i>Not an independent member</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Sinan Yurtbilir</i>	<i>Not an Executive Officer</i>	<i>Not an independent member</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Ahmet Faik Paralı</i>	<i>Not an Executive Officer</i>	<i>Not an independent member</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Muharrem Eskiyan</i>	<i>Not an Executive Officer</i>	<i>Not an independent member</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Rahmi Çuhacı</i>	<i>Not an Executive Officer</i>	<i>Not an independent member</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Yılmaz Küçükçalık</i>	<i>Not an Executive Officer</i>	<i>Independent member</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Vahdettin Ertaş</i>	<i>Not an Executive Officer</i>	<i>Independent member</i>	<i>Evaluated</i>	<i>No</i>	<i>Yes</i>
<i>İsmail Köksal</i>	<i>Not an Executive Officer</i>	<i>Independent member</i>	<i>Evaluated</i>	<i>No</i>	<i>Yes</i>
<i>Aclan Acar</i>	<i>Not an Executive Officer</i>	<i>Independent member</i>	<i>Evaluated</i>	<i>No</i>	<i>Yes</i>
<i>Tevfik Kınık</i>	<i>Not an Executive Officer</i>	<i>Independent member</i>	<i>Evaluated</i>	<i>No</i>	<i>Yes</i>
<i>Elif Bilgehan Müftüoğlu</i>	<i>Not an Executive Officer</i>	<i>Independent member</i>	<i>Evaluated</i>	<i>No</i>	<i>-</i>





#### 4. BOARD OF DIRECTORS-II

##### 4.4. The Form of the Board of Directors Meetings

The number of board of directors meetings held physically during the reporting period	20
Average attendance rate at board of directors meetings	83%
Whether an electronic portal is used to facilitate the work of the board of directors	Yes
How many days before the meeting information and documents are presented to the members in accordance with the working principles of the board of directors	1-10 days
The name of the section on the corporate website containing information about the internal regulations in which it is determined how the board of directors meetings will be held	None.

The upper limit set out in the policy limiting members from taking other duties outside the company does not have any restrictions in this direction.

##### 4.5. Committees Established within the Body of the Board of Directors

The page number or the name of the relevant section containing information about the committees of the board of directors in the annual report	Board of Directors and Committees / Structure and Formation of the Board of Directors
Link to the KAP announcement in which the working principles of the committee were announced	<a href="https://www.kap.org.tr/Bildirim/944493">https://www.kap.org.tr/Bildirim/944493</a>

##### Board of Directors Committees -I

Names of the Committees of the Board of Directors	The Name of the Committee Mentioned in the First Column as "Other"	Name-Surname of the Committee Members	Whether He/She Is the Chairman of the Committee	Whether He/She is a Member of the Board of Directors or Not
Corporate Governance Committee	-	Vahdettin ERTAŞ	Yes	Member of the board
Corporate Governance Committee	-	İsmail KÖKSAL	No	Member of the board
Corporate Governance Committee	-	Aclan ACAR	No	Member of the board
Corporate Governance Committee	-	Mehmet ESKİYAPAN	No	Member of the board
Corporate Governance Committee	-	Sinan YURTBİLİR	No	Member of the board
Corporate Governance Committee	-	Rahmi ÇUHACI	No	Member of the board
Corporate Governance Committee	-	Serap AKTAŞ	No	Not a member of the board of direct
Nomination Committee	-	Vahdettin ERTAŞ	Yes	Member of the board
Nomination Committee	-	İsmail KÖKSAL	No	Member of the board
Nomination Committee	-	Fikret ESKİYAPAN	No	Member of the board
Nomination Committee	-	Mehmet ESKİYAPAN	No	Member of the board
Nomination Committee	-	Sinan YURTBİLİR	No	Member of the board
Audit Committee	-	Vahdettin ERTAŞ	Yes	Member of the board
Audit Committee	-	İsmail KÖKSAL	No	Member of the board
Audit Committee	-	Elif Bilgehan MÜFTÜOĞLU	No	Member of the board
Audit Committee	-	Aclan ACAR	No	Member of the board
Audit Committee	-	Tevfik KINIK	No	Member of the board
Early Detection of Risk Committee	-	Vahdettin ERTAŞ	Yes	Member of the board
Early Detection of Risk Committee	-	İsmail KÖKSAL	No	Member of the board
Early Detection of Risk Committee	-	Tevfik KINIK	No	Member of the board
Early Detection of Risk Committee	-	Ahmet Faik PARALI	No	Member of the board
Early Detection of Risk Committee	-	Muharem ESKİYAPAN	No	Member of the board

#### 4. BOARD OF DIRECTORS-III

##### 4.5. Committees Formed within the Body of the Board of Directors-II

Specify the section of the annual report or corporate website where information is provided about the activities of the audit committee (page number or name of the section)	Board of Directors and Committees / Structure and Formation of the Board of Directors
Specify the section of the annual report or the corporate website where information is provided about the activities of the corporate governance committee (page number or name of the section)	Board of Directors and Committees / Structure and Formation of the Board of Directors
Specify the section of the annual report or the corporate website where information is provided about the activities of the nomination committee (page number or name of the section)	Board of Directors and Committees / Structure and Formation of the Board of Directors
Specify the section of the annual report or corporate website where information is provided about the activities of the early detection of risk committee (page number or name of the section)	Board of Directors and Committees / Structure and Formation of the Board of Directors
Specify the section of the annual report or corporate website where information is provided about the activities of the remuneration committee (page number or name of the section)	The activities of the Remuneration Committee are carried out by the Corporate Governance Committee.

##### 4.6. Financial Rights Provided to Members of the Board of Directors and Managers with Administrative Responsibilities

Page number or section name of the annual report, where information is provided about operational and financial performance goals and whether they have been achieved	Financial Situation
The name of the section of the corporate website containing the remuneration policy for executive and non-executive members	None.
The page number or section name of the annual report, in which the fees given to the members of the board of directors and managers with administrative responsibility, as well as all other benefits provided,	Related Party Disclosures are indicated in Footnote No. 5 of the financial statements.

#### Committees of the Board of Directors-II

Names of the Committees of the Board of Directors	The Name of the Committee Mentioned in the First Column as "Other"	The Ratio of Independent Members in the Committee	The Number of Physical Meetings Held by the Committee	The Number of Reports that the Committee Submits to the Board of Directors about Its Activities
Kurumsal Yönetim Komitesi	-	86%	43%	1
Aday Gösterme Komitesi	-	100%	40%	1
Denetim Komitesi	-	100%	100%	5
Riskin Erken Saptanması Komitesi	-	100%	60%	6

01. MESSAGE TO OUR STAKEHOLDERS

02. OUR CORPORATE PROFILE

03. NUH ÇİMENTO WITH NUMBERS

04. STRATEGY AND MANAGEMENT

05. SUSTAINABILITY MANAGEMENT

06. OUR ECONOMIC PERFORMANCE

07. OUR SOCIAL PERFORMANCE

08. OUR ENVIRONMENTAL PERFORMANCE

09. ANNEXES



# PROFIT SHARE DISTRIBUTION

NUH ÇİMENTO SANAYİ A.Ş Profit Distribution for the year 2022 (TL)			
1	PAID-IN / ISSUED CAPITAL		150,213,600,00
2	General Legal Reserve Fund (According to Legal Records)		201,491,597.56
	- Primary Legal Reserve Fund		30,042,720.00
	- Secondary Legal Reserve Fund		171,448,877.56
If there is a concession in profit distribution in accordance with the articles of association, information about			None
		According to the CMB	According to Legal Records (YK)
3	Profit for the Period	2,086,618,104	1,032,730,675
4	Taxes (-)	-	1,92,952,669
5	Net Profit for the Period (=)	2,086,618,104	839,778,006
6	Losses from Previous Years (-)	-	-
7	General Legal Reserve (-)	-	-
8	NET DISTRIBUTABLE PROFIT FOR THE PERIOD	2,086,618,104	839,778,006
9	Donations Made During the Year (+)	9,096.922	-
10	Net Distributable Profit for the Period with Added Donations	2,095,715,026	839,778,006
11	First Dividend to Shareholders	427,399,683	427,399,683
	-Cash	427,399,683	427,399,683
	- Without Charge	-	-
	-Total	427,399,683	427,399,683
12	Dividends Distributed to Holders of Preferred Shares	-	-
13	Other Dividends Distributed	-	-
	-Members of the Board of Directors	-	-
	-Employees	-	-
	-Persons Other Than the Shareholder	-	-
14	Dividend Distributed to the Holders of Usufruct Shares	-	-
15	Second Dividend to Shareholders	263,582,877	263,582,877
16	General Legal Reserve Fund	68,347,188	68,347,188
17	Status Reserves	-	-
18	Special Reserves	-	-
19	EXCESS RESERVE	1,327,288,356	80,448,258
20	Other Resources That are Intended to Be Distributed	-	-

Note: The difference between the period profit according to the legal records and the period profit according to the CMB will also be transferred to the excess reserves.

TABLE OF DIVIDEND RATIOS						
	GROUP	TOTAL DISTRIBUTED DIVIDENDS		TOTAL DISTRIBUTED DIVIDENDS / NET DISTRIBUTABLE PROFIT FOR THE PERIOD	PROFIT SHARE CORRESPONDS TO A SHARE WITH A NOMINAL VALUE OF 1 TL	
		CASH (TL)	WITHOUT CHARGE (TL)	RATE (%)	AMOUNT (TL)	RATE (%)
NET	(*)	621,884,304	-	29.80	4,1400	414.0000
	Total	621,884,304	-	29.80	4,1400	414.0000

\* If the profit share of the dividend is distributed to the persons (for non-resident companies, excluding those who receive dividends through a workplace or permanent representative in Turkey) within the scope of Articles 94/6-b-i and ii of the Income Tax Law, 10% withholding tax will be applied on the gross amount (see also double taxation avoidance agreements) The amount of the profit share that corresponds to the nominal value of TL 1 for the shareholders who have a legal entity is TL 4.60.

At the board of directors meeting dated January 31, 2023, our company decided to propose to the ordinary general assembly that the distribution of profits be made as above in accordance with the Company's Articles of Association and CMB Legislation, and the date of distribution of profits be 27.02.2023; The solo income statement prepared according to the legal records for 2022 net profit is over TL 839.778.006.





# WE PRODUCE FOR THE WORLD

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