



nuh
çimento grubu



21

**NUH ÇİMENTO
INTEGRATED ANNUAL
REPORT 2021**

ABOUT THE COMPANY

Trade Name

Nuh Çimento Sanayi A.Ş.

Körfez Trade Registry Office

5.097

Mersis (Central Registration System) Number

0632-0009-7680-0012

Capital

TL 150,213,600

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

NUHCM

Website

www.nuhcimento.com.tr

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ABOUT OUR REPORT

With our fifth integrated annual report, in which we present the economic, environmental, and social performance of Nuh Çimento in 2021 together with the implementations thereof, we also have the opportunity to present the values we created for our stakeholders.

In this report, we aim to ensure that our stakeholders can easily understand our company and our processes, and to facilitate their evaluation of our measurement, monitoring and improvement efforts to manage the impacts of our activities. This report, which we prepare regularly every year, serves as an important communication tool where we share the steps we take to minimize the impact of our operations.

Scope of our Report

In the studies we conducted with our managers to identify strategic issues, we took clinker and cement production, the main business areas of Nuh Çimento, as a basis. Unless otherwise stated, the information contained in this report covers Nuh Çimento's operations at the Hereke plant between January 1, 2021 and December 31, 2021 without any restrictions. Our financial data contained in this report is consolidated information belonging to Nuh Çimento Group. Our financial data includes the data of Nuh Beton A.Ş. and Nuh Yapı Ürünleri A.Ş. Our report includes data on all key topics for the last three years in order to track data trends.

Principles Applied In Our Report and Compliance With International Standards

We have prepared our report in accordance with the Global Reporting Initiative (GRI) Standards 'Core' option. When identifying our strategic sustainability topics and creating the content of our report, we have taken into account the materiality, stakeholder engagement, sustainability scope and integrity principles of this standard.

www.globalreporting.org

Our performance indicators are aligned with the indicators in SASB (Sustainability Accounting Standards Board) Construction Materials Standard.

www.sasb.org

| SASB Topics | SASB Construction Materials Standard Performance Indicators <i>(Performance Results Against All Indicators are contained in the Section of Our Sustainability Goals.)</i> | The section of the report covering the activities of Nuh Çimento |
|---------------------------------------|--|--|
| Occupational Health and Safety | Total recordable accident rate | Occupational Health and Safety |
| Greenhouse Gas Emissions | Scope 1 Emissions | Climate Change and Energy Management |
| Air Quality | Air pollutants such as NOx and SOx | Climate Change and Energy Management |
| Energy Management | Total energy consumed; electricity, alternative resources and renewable resources | Climate Change and Energy Management |
| Product Innovation | Products which save energy, water and materials during production and usage | Climate Change and Energy Management |
| Water Management | Total water withdrawal and water recycled and reused as a percentage of total water withdrawal | Water Management |
| Waste Management | Hazardous waste and recycled waste ratios in waste from operations | Waste Management, Material and Raw Material Management |
| Biodiversity Impacts | Environmental management policies related to active working areas; affected and restored areas | Preservation of Biodiversity |

Our report includes the projects and practices we carried out within the framework of 12 of the United Nations Sustainable Development Goals. We are committed to always pursuing these global goals and prioritizing activities that support them.

| Sustainable Development Goals (SDGs) | Explanation of Sustainable Development Goal | The section of the report covering the activities of Nuh Çimento |
|---|---|---|
|  | SDG 3: Ensure a healthy and quality life at all ages. | Occupational Health and Safety |
|  | SDG 4: Ensure an inclusive, equitable quality education and promote lifelong learning opportunities for all | Training and Development |
|  | SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all | Our People |
|  | SDG 12: Ensure sustainable consumption and production patterns | Material and Raw Material Management |
|  | SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all | Climate Change and Energy Management |
|  | SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation | Climate Change and Energy Management |
|  | SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable | Climate Change and Energy Management |
|  | SDG 13: Take urgent action to combat climate change and its impacts | Climate Change and Energy Management |
|  | SDG 6: Ensure availability and sustainable management of water and sanitation for all | Water Management |
|  | SDG 14: Sustainably use the oceans, seas and marine resources for sustainable development | Water Management |
|  | SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems; sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss | Waste Management Preservation of Biodiversity |
|  | SDG 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development | Water Management Preservation of Biodiversity, Memberships |

<https://sdgs.un.org/goals>

Our Next Report

Our sixth integrated report, in which we will present our activities and sustainability performance in 2022, is scheduled to publish in the first quarter of 2023.

01

OUR MESSAGE TO
STAKEHOLDERS





Message from the Chairman of the Board

Esteemed Shareholders,

At Nuh Çimento, we continued to operate in line with the principles of responsible consumption and production and with the goal of creating value for all our stakeholders in 2021, a year in which we achieved financial success. The effects of the Covid-19 pandemic, which spread rapidly from the first quarter of 2020, continued in 2021 and caused the most difficult period of the century worldwide. In this difficult period, our first priority was to protect the health of all our business partners, particularly of our people. We ensured a rapid adaptation to the new normal with new arrangements and collaborations.

Our Strong Export Performance Continued to Support Economy

At Nuh Çimento, 2021 was a year in which we worked at full capacity and continued to deliver high sale and export figures thanks to our extensive experience and strong export infrastructure. We have continued to lead our sector and add strength to our country's economy. We maintained our success as one of the top three largest taxpayers in Kocaeli in 2021. At Nuh Çimento, we are proud to be the only cement factory in 'Top 1,000 Exporters of Türkiye in 2020' list of Turkish Exporters Assembly!

Through our Nuh Çimento Education and Health Foundation, we always support our community in the areas of health, education, culture and sports. Every academic year, we provide scholarships to an increasing number of university students.

We Continued Investments to Reduce Our Carbon Footprint

Global climate change and the extreme weather events caused by it, which manifested itself in our country last year with large-scale fires and floods, continue to threaten life worldwide.

At Nuh Çimento, we have succeeded in reducing our carbon footprint this year as we have done every year through clean energy use, efficient production processes and innovative products. In addition to EU Green Deal carbon border adjustment, following the publication of the law on the ratification of the Paris Agreement in the official gazette and its entry into force,

we anticipate the possible new regulations that our sector will be subject to and take actions to prepare our company for these situations.

In our fifth integrated annual report this year, you can find information about the values we create for our shareholders, retailers and customers, our people, society and country, as well as the efforts we made to ensure the sustainability of our business and the natural environment.

At Nuh Çimento, we will continue our journey we started with the efforts of our respectable founders, whom we remember with gratitude and mercy, our esteemed shareholders, our successful business partners, our valuable people and our common values that keep us together, as an enterprise that produces, makes profit and always shares the values it creates. I would like to extend my gratitude to all our stakeholders, particularly our people, who have contributed to the gains achieved and shared by Nuh Çimento, for their valuable contributions, their trust and loyalty to our Company.

Best regards,
Tevfik BİLGİN
Chairman of the Board



Message from the CEO

Esteemed Shareholders, Dear Employees and Partners,

In 2021, the challenges caused by the Covid-19 pandemic, which started in 2020 and spread rapidly, continued to negatively affect the world economy and social life. On the other hand, the slowdown of economic activities and social life in the pandemic period had positive impacts on the environmental life. It has been a period in which the awareness of environmental issues, especially climate change, increased significantly in both society and in the business world. It has been a period in which international agreements were signed, regulations were planned, bold commitments were made, massive renewable energy investments were made in order to reduce greenhouse gas emissions, and even the consumer preferences changed. In the upcoming years, companies will only be able to realize growth by focusing on climate, energy, innovativeness and social inclusion.

We Took Prudent Actions to Combat Climate Change

In the very near future, organizations operating in industries with high carbon emissions such as cement will be at the forefront not with their production capacity but with their carbon, water and environmental footprint. According to the Cement Sector Report of The Union of Chambers and Commodity Exchanges of Türkiye (TOBB), among the industrial cost items of Turkish Cement industry, fuels account for 38% and electricity 21%. 12% of the carbon emissions released into the atmosphere from Türkiye is produced by the cement industry. Using energy resources efficiently also presents an important opportunity.

At Nuh Çimento, we put into practice our sustainable consumption and production approach years ago through energy efficiency investments such as electricity generation from waste heat, hydroelectric power plant investment, and the use of clean energy resources. Through these investments, we prevented the release of 75 thousand tons of carbon equivalent greenhouse gases and saved approximately 71 million TL in 2021 alone.

We also contribute to circular economy with our products with low clinker content and by using waste as an alternative fuel. In 2021, we saved 290 thousand tons of clinker and reduced our carbon footprint by 245 thousand tons. In 2021, by converting diesel-operated construction equipment to electric vehicles, we both prevented the release of 679 tons of carbon emissions into the atmosphere and reintroduced the vehicles which have reached the end of their useful life into the economy. In 2021, we recycled 441.5 thousand tons of waste into the economy within the scope of energy recovery and saved approximately 7.95 million TL. In 2021, we set new targets and made our action plans related to post-2023 EU compliance and green deal.

We Prioritize Our Employees in Social Sustainability

The health and safety of our employees is always at the top of our priorities for the sustainability of our company. Although we operate in a sector where hazardous work is common, we have reduced our accident frequency rate this year. This year, we continued to contribute to development of our employees, mainly through online trainings. We successfully completed the Trust Index® Employee Survey and Culture Brief™ workplace culture processes carried out in our company by Great Place to Work® Institute. We would like to thank all our employees who have contributed to our operational performance and to creating a happy and safe working environment together, thus helping us to receive the Great Place to Work® Excellent Workplace Certificate.

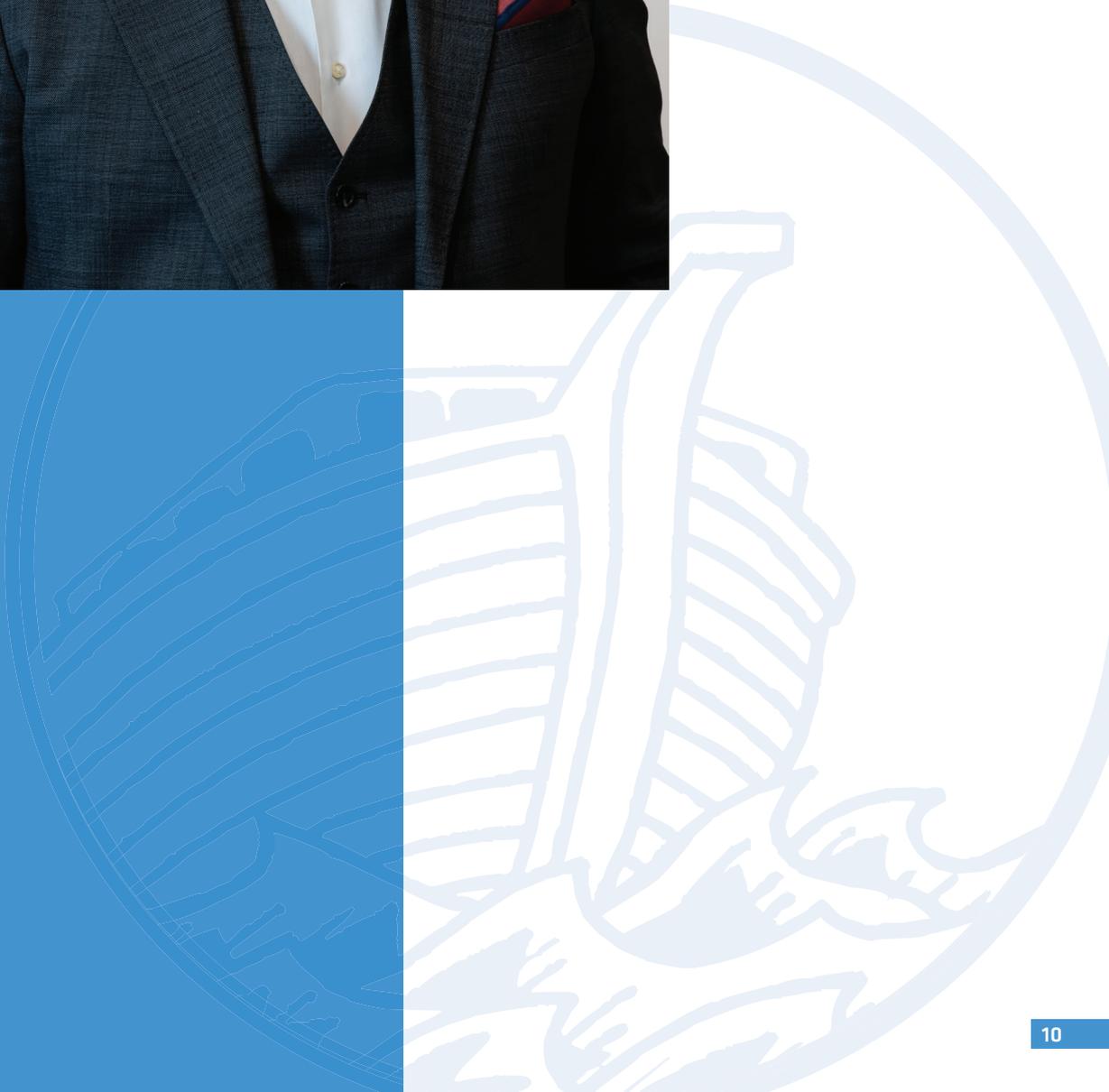
Continuing Sustainable Growth with Export

As one of the industrial giants of our country, we delivered a sales volume of 5.5 million tons in 2021 and announced a profit of TL 642.4 million thanks to our multi-dimensional strategic vision, high customer satisfaction and operational excellence level we have achieved. Our total export sales of 4.4 million tons in 2021 represent 15% of the Turkish Cement Sector exports.

In our fifth integrated annual report, which we have prepared based on global standards such as GRI Standards, IIRC (International Integrated Reporting Council) Reporting Framework and this year SASB (Sustainability Accounting Standards Board) Standards, we share with our stakeholders our economic achievements as well as our successful efforts in environmental and social areas.

The success of our company is the result of the efforts of all our employees and business partners, especially our shareholders, and I would like to express my gratitude to all of you. With the strength of our unity and solidarity, we will continue to move forward with determination, profit, have our stakeholders profit and share.

Best regards,
K. Gökhan BOZKURT
CEO



Our Founders Who Passed Away

We are taking firm steps forward in the footsteps of our founders by upholding the values they embraced. We hereby remember with respect the founders of Nuh Çimento.



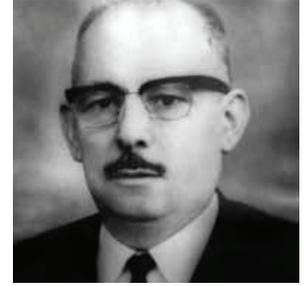
Nuh Eskiyan
1961



Mustafa Arıkan
1967



Ahmet Haskınacı
1970



H. Mehmet Küçükçalık
1973



Ahmet Özkan
1990



Kemal Yurtbilir
1991



Şaban Göbülük
1995



N. Mehmet Küçükçalık
2002



Mustafa Alikişoğlu
2012



Hacı Ahmet Paralı
2013



Alaeddin Küçükçalık
2016



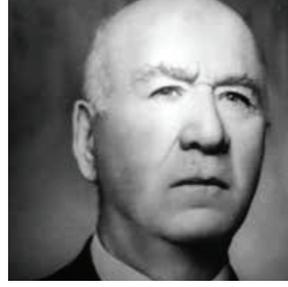
Levent Yurtbilir
2017



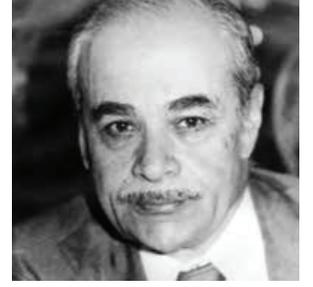
Ahmet Eskiyanan
1975



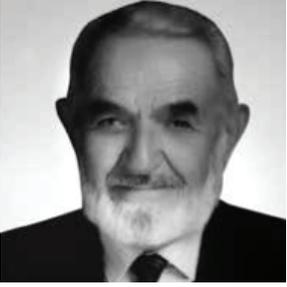
H. Mehmet Özkan
1979



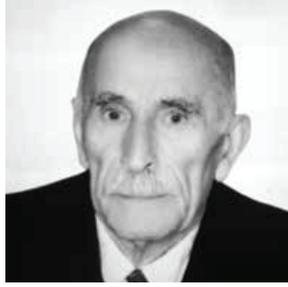
Hilmi Haskınacı
1988



Şaban Diri
1988



Muhittin Özkan
2005



N. Mehmet Baldöktü
2006



Burhan Dinçbal
2008



Muharrem Eskiyanan
2009



Enver Paralı
2020

02

OUR CORPORATE PROFILE

At Nuh Çimento Group, we continue to offer many high quality products and services such as clinker, cement, ready-mixed concrete, lime, autoclaved aerated concrete, aluminium paste in the construction industry as a company that has been contributing to production, employment and the national economy since 1966.





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EN149:2001+A1:2009
CE 0086

PROTECCI
MADE IN TURKEY

h



HIGHEST PRODUCTION CAPACITY IN A SINGLE FACTORY IN TÜRKİYE AND EUROPE

THE COMPANY ACHIEVED THE HIGHEST EXPORT VOLUME OF ALL TIMES FROM A SINGLE POINT IN TURKISH CEMENT SECTOR

THE CEMENT FACTORY WITH THE HIGHEST EXPORTS TO USA

THE FIRST FACTORY OF TÜRKİYE AWARDED ENVIRONMENT-FRIENDLY PLANT AWARD

THE FIRST ALUMINIUM PASTE PRODUCTION IN TÜRKİYE

100% DOMESTIC AUTOCLAVED AERATED CONCRETE PRODUCTION

19 FULLY AUTOMATED READY-MIXED CONCRETE PLANTS

Our Company

At Nuh Çimento, which has the highest production capacity in a single location in Türkiye and in Europe, we have been continuing to contribute to our country's economy and our sustainable growth for 56 years, with our well-equipped employees, high quality standards and 100% customer satisfaction target. We have been listed on Borsa İstanbul in 2000, and we are continuing our operations with a free float rate of 16.18% as at the end of 2021.

Established in 1966 in Körfez town of Kocaeli Province in the east of the Marmara Region surrounding İstanbul, where Türkiye's highest cement consumption is realized, we offer clinker, cement and other building materials to domestic and foreign markets using our 57,000 m² port located adjacent to the factory, which provides logistical competitive advantage in exports, our wide and strong retailer network, and the widespread ready-mixed concrete facilities of our subsidiary Nuh Beton.

We continue to work and produce with all our strength to maintain our competitive position in the sector with our strong corporate culture and competent human resources, as well as our production power supported by our expertise, experience and technology.

Our Products

Our products, which are used in a wide range of superstructure constructions from high-rise buildings to bridges, concrete pavements, port constructions and offshore structures, as well as used in infrastructure constructions such as underground reinforced concrete pipes, are preferred by our customers all over the world in the construction industry and all its sub-sectors.

In many countries and in different climates around the world, we have a wide range of cement and mineral admixtures used in the production of all constructional components from high-rise buildings to oil wells, tunnels, ports and offshore structures, screed and plaster concrete and underground water pipes. Thanks to our product range, we respond to the cement and mineral admixture demands of our domestic and foreign customers engaged in particularly ready-mixed concrete production and also precast concrete elements, construction products, screed and plaster construction, jet grout and pile applications, tile and glazed tile production and we also sell high quality clinker types for different technical needs of cement producers in different countries around the world. We carry out all our production activities in compliance with Turkish Standards and European Standards as well as the standards of many different countries around the world.

Clinker, the main raw material of cement, is also available in portland, sulfate resistant, low alkali, low Cr(VI) content types in line with different standards and we also offer blast furnace slag cement as mineral admixture. All our products are regularly inspected and certified by accredited organizations to ensure that 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-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

Portland Clinker
Clinker

SDÇ Clinker
Clinker

Low Alkali Clinker
Clinker

**Clinker With Low Cr(VI)
Content**
Clinker

**Ordinary, SDÇ, Low Alkali,
Low Cr(VI) Clinker**
Clinker

**Ground Granulated Blast
Furnace Slag**
Mineral Admixture

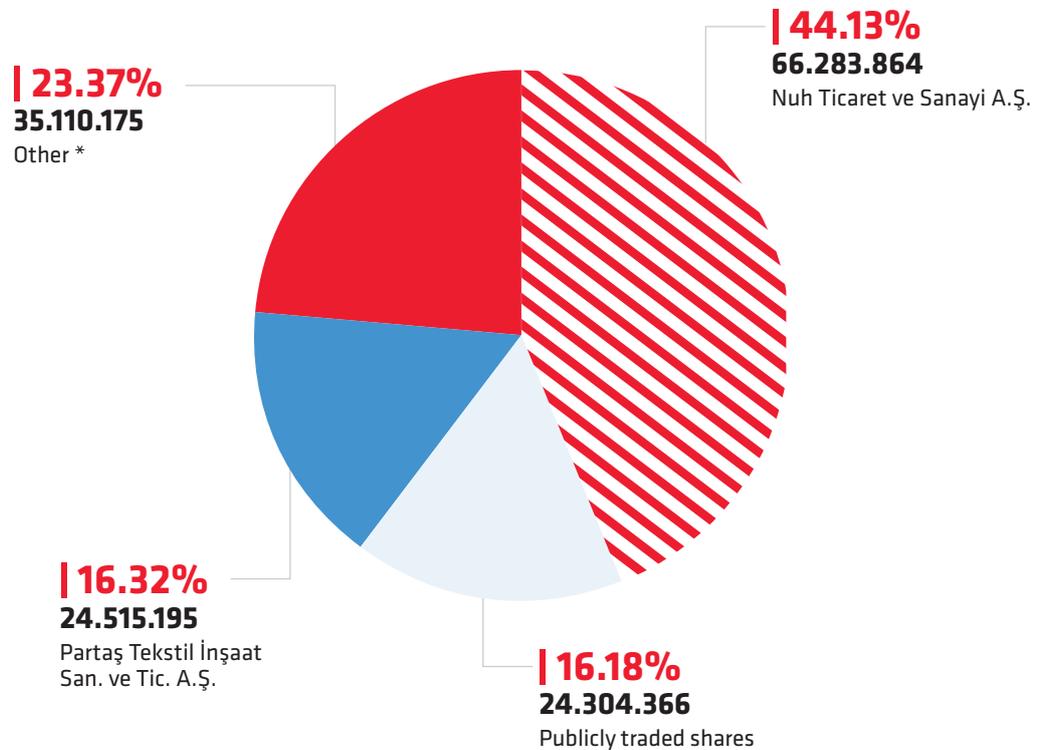
Nuh Çimento Group Companies

| Our Group Companies | Area of Activity | Share (%) | Ownership Type |
|---|---|-----------|--------------------|
| Nuh Beton A.Ş. | Ready-Mixed Concrete Production and Marketing | 100 | Subsidiary |
| Nuh Yapı Ürünleri A.Ş. | Lime and Autoclaved Aerated Concrete Production and Marketing | 100 | Subsidiary |
| Nuh Gayrimenkul İnşaat A.Ş. | Construction and Contracting Works | 100 | Subsidiary |
| Navig Holding Trade B.V. | Import and Export | 100 | Subsidiary |
| Çim-Nak Taşımacılık Ltd. Şti. | Extraction, Loading, Transportation, Ship Brokerage | 99,90 | Subsidiary |
| Nuh Agro Tarım A.Ş. | Growing Medical, Curative and Aromatic Products | 85 | Subsidiary |
| 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 during the Reporting Period:

Capital of Çim-Nak Taşımacılık Limited Şirketi was increased from TL 1,025,450 to TL 20,000,000.

Nuh Çimento Shareholding Structure



*Non-public shareholders with a partnership interest below 5%. (31.12.2021)

Nuh Beton

Being one of the founding members of Turkish Ready-Mixed Concrete Association, Nuh Beton A.Ş. has been providing world-class services since 1997, with its fully automated widespread facilities, modern plants, large vehicle fleet, expert staff, and integrated computer network.

Locations



Equipment

Equipped With Satellite Tracking Systems

190

Trans Mixers

56

Mobile Pumps

15

Fixed Pumps

Plants

Interconnected With
Online Data Links

13

Fully Equipped Plants

Computer Controlled
and Fully Automated

18

Concrete Plants

Nuh Beton in 2021

In 2021, the Company successfully exceeded its budgeted figures in terms of both production and financial results and continued to maintain the positive operational and financial momentum it has achieved in recent years.

- It increased its sales in 2021 by 13% compared to the previous year.
- 2021 turnover was 65% above 2020 and 18% above the 2021 budget.

Despite the high cost increases in 2021, it continued to invest in equipment in 2021, as in the previous year, in order to respond to customer needs even better. It further strengthened its position in the sector by investing more than TL 60 Million in concrete operations.

- It expanded its fleet with 30 trans mixers, 3 pumps and 2 loaders.
- In order to support its facilities in the supply of aggregate, it improved its service network by investing in 5 tow trucks and trailers.
- It continued to create jobs and to strengthen its staff in 2021 as well.

Number of personnel employed at various levels reached 331 with an increase of 8% compared to the previous year.

Nuh Yapı Ürünleri

Established in 1995, Nuh Yapı Ürünleri A.Ş. has ISO EN 9000 Quality Management System Certificate since 2000.

Location



Plants

Lime Factory - Autoclaved Aerated Concrete (AAC)
Factory - Autoclaved Aerated Concrete Glue Mortar
Plant - Aluminium and Plaster Plant

Nuh Yapı in 2021

- Nuh Yapı increased its net profit and turnover by 49% and its EBITDA by 102% compared to 2020.
- In 2021, it included Bulgaria, Romania and French Guyana into its AAC export portfolio.
- It regularly continued its export by using railway and seaway.
- It included Qatar into its formulated alpha gypsum export portfolio, and seek to expand its customer range by sending samples to different countries.
- It produced and sold to domestic market Magnesium Oxide (MgO) and milk of Magnesia.

03

NUH ÇİMENTO IN FIGURES

We continued to create value for our stakeholders with our record export figures, which we continued to renew in 2021. We announced profit of TL 642 million, which we achieved by both contributing to the development of the society we live in and respecting our ecological environment with an approach that is a requirement of sustainable success. According to the financial statements for the year ended December 31, 2021, Nuh Çimento's total assets amounted to TL 3,47 billion.



PERSONEL
KİMLİK
KARTI

nuh
çimento sanayi a.ş.

KATKI

| | | |
|---|----|----|
| 3 | 72 | 74 |
|---|----|----|

2021

57.000 m²

Port Facility Area

50+ countries

Number of Countries
We Export

4,6 million tons

Clinker Production Capacity



%100

Capacity Utilization

4,634,300 tons/year

(Highest production quantity since the company founded)

5,7 million tons

Cement Production Capacity



%81

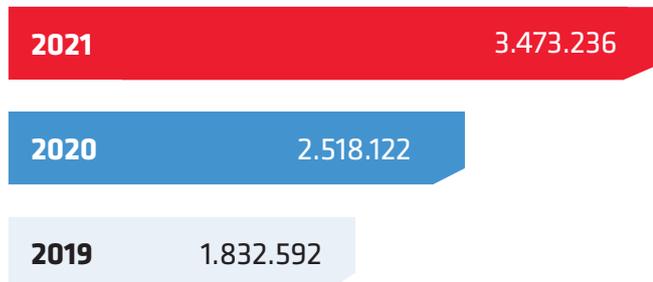
Capacity Utilization

4,628,400 tons/year

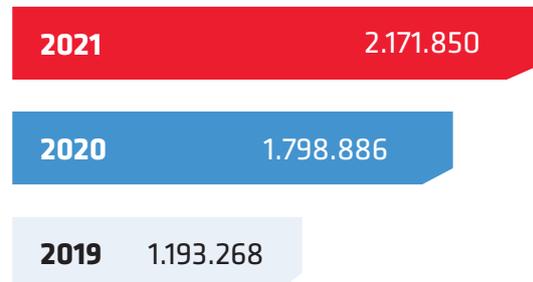
(Highest production quantity since the company founded)

Financial Performance Summary

Total Asset (Million TL)



Shareholder's Equity (Million TL)



Net Profit Margin (%)



Dividend Per Share (Gross TL)



* The payment amount will be made certain at the General Assembly meeting dated March 24, 2022.



Gross Dividend Paid (Million TL)

2021 322.959

2020 225.320

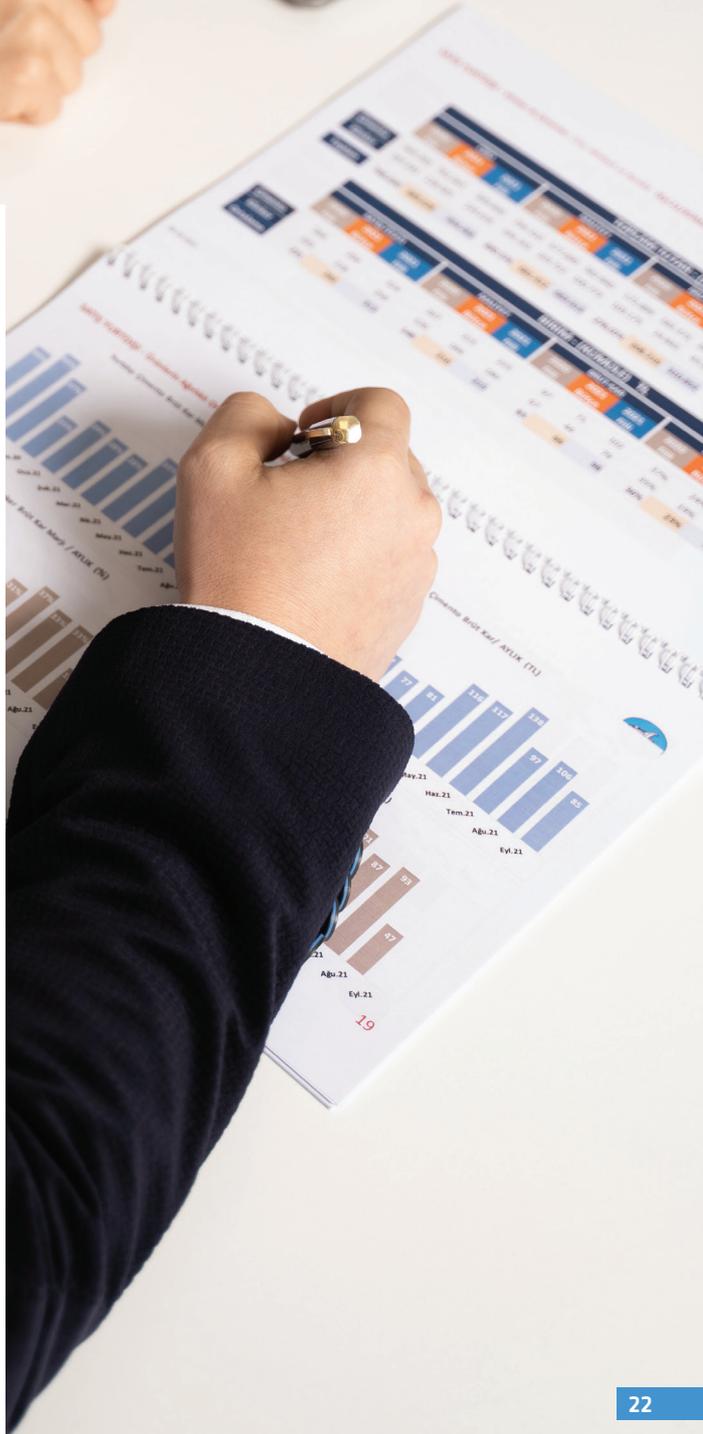
2019 105.150

Net Profit (Million TL)

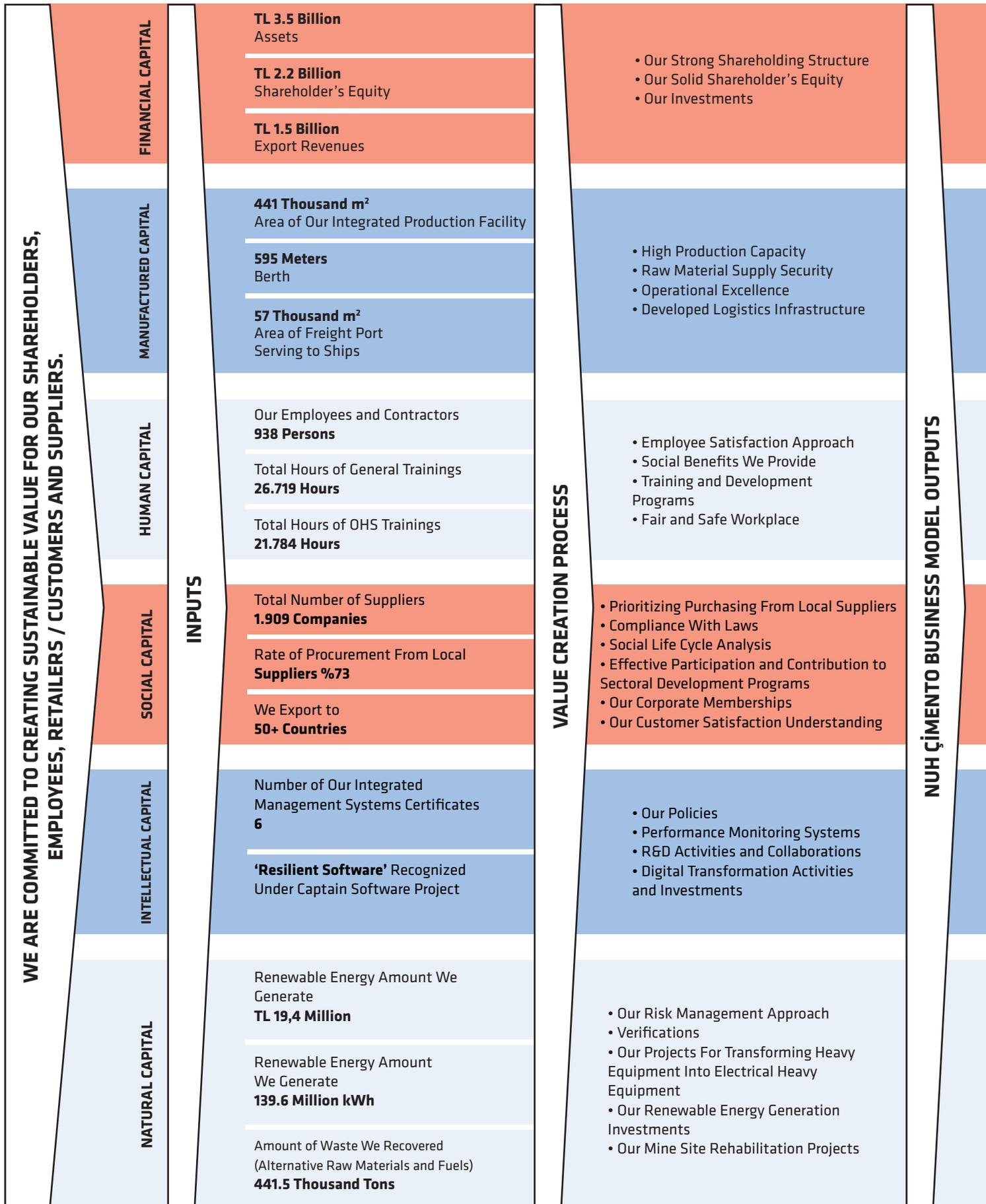
2021 642.432

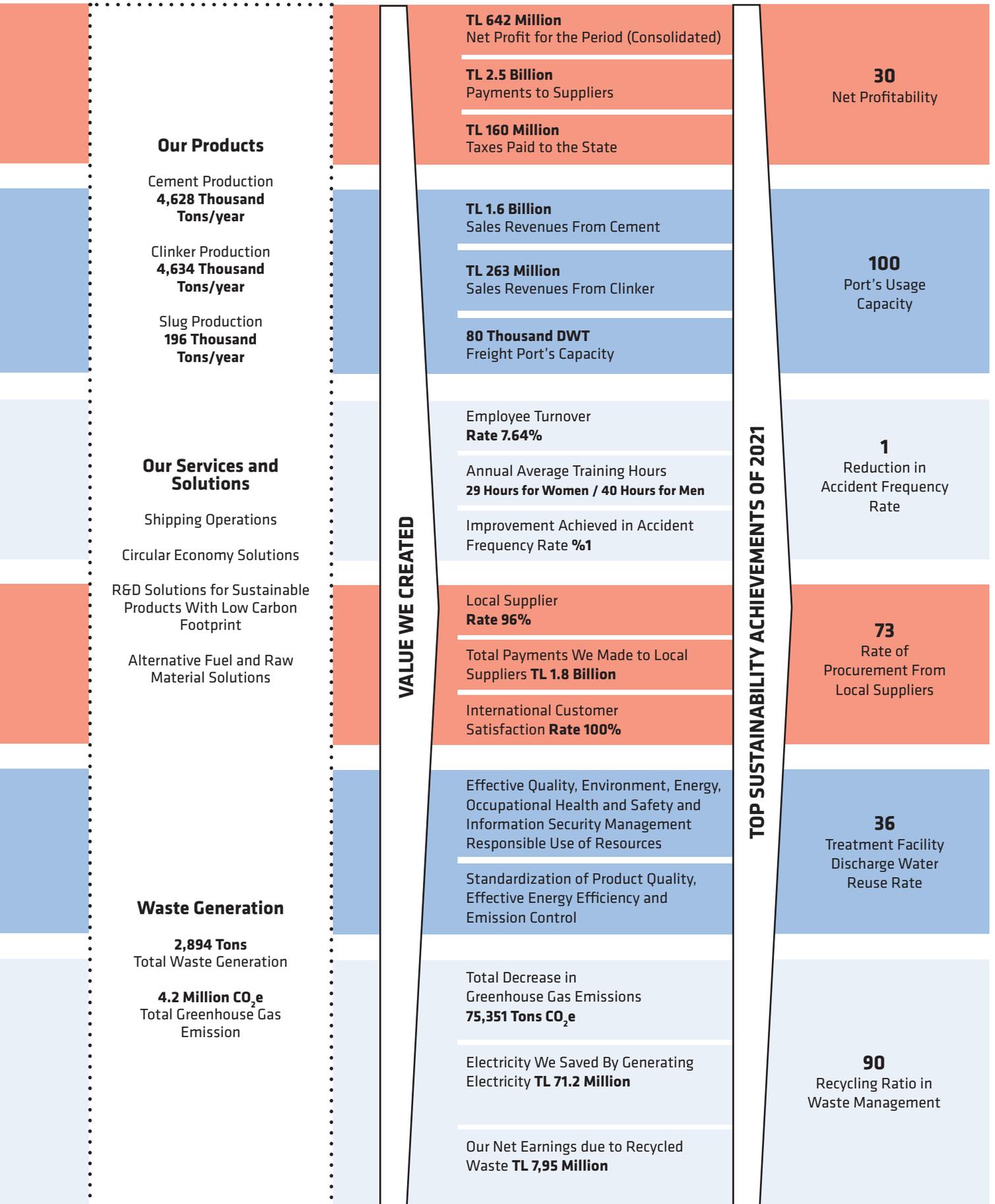
2020 570.249

2019 160.793



Our Capital Components and the Values We Created





04

STRATEGY AND MANAGEMENT

Our strategy is based on our understanding of creating a long-term value for all our stakeholders, particularly for our employees, customers, shareholders and suppliers. We carry out all our processes with this understanding, and contribute to both our sector and our society, with our managers and employees who put this approach into practice.



Our Corporate Values



Our Vision

- To be a company preferred by our customers, employees, suppliers and shareholders
- To be a company which leads sustainable growth in the sector with the innovations we make



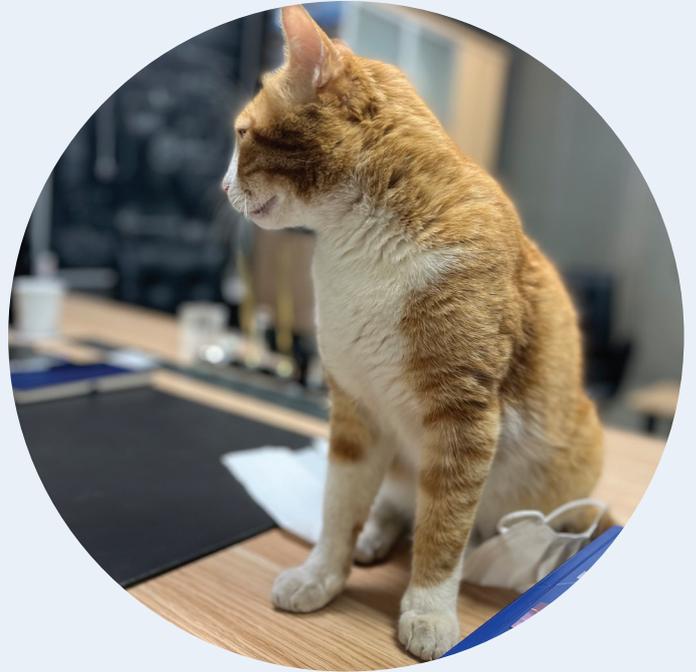
Our Mission

- To create value for our customers
- To provide our employees with the environment and opportunities to develop themselves
- To contribute to the economic and social development of our society with environmental awareness
- To satisfy our shareholders with continuous performance development, growth and financial strength



Our Values

- To provide our employees with a safe working environment where they can succeed
- To make continuous performance improvement a company culture
- To ensure the highest level of customer satisfaction without compromising the quality of our products



We share Pati and Yaman with you, representing the dozens of cats, dogs and birds we have adopted and nurtured.

Our environmental awareness and ethical values also include protecting the right to life of all living beings in the area where we operate.

We hug them with love and we are happy to have them in our lives.

Corporate Governance, Ethics and Compliance

The highest level 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, taking into account its vision and values. Our Board of Directors manages the sustainable profitability goals of Nuh Çimento Group by seeking balance between growth and return.

Our Board of Directors consists of 14 members, five of whom are independent members. We have one woman on our board of directors. In addition to their skills, capacity and work experience, board members are also subject to performance evaluation in terms of ability to express themselves freely. At the ordinary general assembly meeting, all our investors, whether large or small, find the opportunity to share their ideas and expectations on every issue.

The board of directors is responsible for effective and efficient management of risks. In the Early Detection of Risk Committee, which was constituted for the early detection of issues that jeopardize the existence, development, and continuity of the Company, taking the necessary measures and managing risks through effective actions, board members monitor risks and opportunities related to sustainability on a daily basis.

In addition to this committee, there are also the Corporate Governance Committee, the Audit Committee and the Nomination Committee which report to the board of directors.

These committees, whose main objective is to ensure the uninterrupted continuity of the business and activities without sustain any loss, 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 Laws

In Nuh Çimento, we carry out all our activities in accordance with the official legislation, regulations and communiqués. While the primary responsibility rests with the board of directors, all departments are responsible for monitoring the legislation related to their area of business and to take the necessary measures before any adverse impact arises.

Our company is subject to independent audit in accordance with the legislation of the Capital Markets Board (CMB). In addition, in order to avoid legal sanctions, loss of reputation and financial losses, we refer to consultants in cases where a new legislation enters into force or the existing legislation is amended significantly. In cases where there are legal changes, we take the necessary actions to ensure full compliance immediately if the change is mandatory, and if not, to ensure maximum compliance. In addition, our lawyers within our Legal Department provide consultancy to our departments in all matters deemed necessary. The Audit Committee, which reports to the Board of Directors, can also make inspections and investigations on certain legal issues deemed necessary by senior management.

Ethics Management

The vision, mission and our corporate values that support them, were published at the strategy meeting upon approval of the Board of Directors, and adopted by all our employees. Our Human Resources Personnel Regulation and Code of Business Ethics are the internal mechanisms that oversee the compliance of people's behaviors with our ethical values and laws. Nuh Çimento's Code of Business Ethics is a guideline which guides our employees and those who act on their behalf in their decisions and behaviors while performing their duties.

Our Ethical Committee is responsible for the implementation and reporting of our Code of Business Ethics. Our employees are informed about these mechanisms via e-mail, QDMS (Quality Document Management System) and Intranet. Employees and external stakeholders can send their notifications via e-mail to etik@nuhcimento.com.tr. The proposals, warnings and concerns received by the Ethical Company are handled confidentially and meticulously.



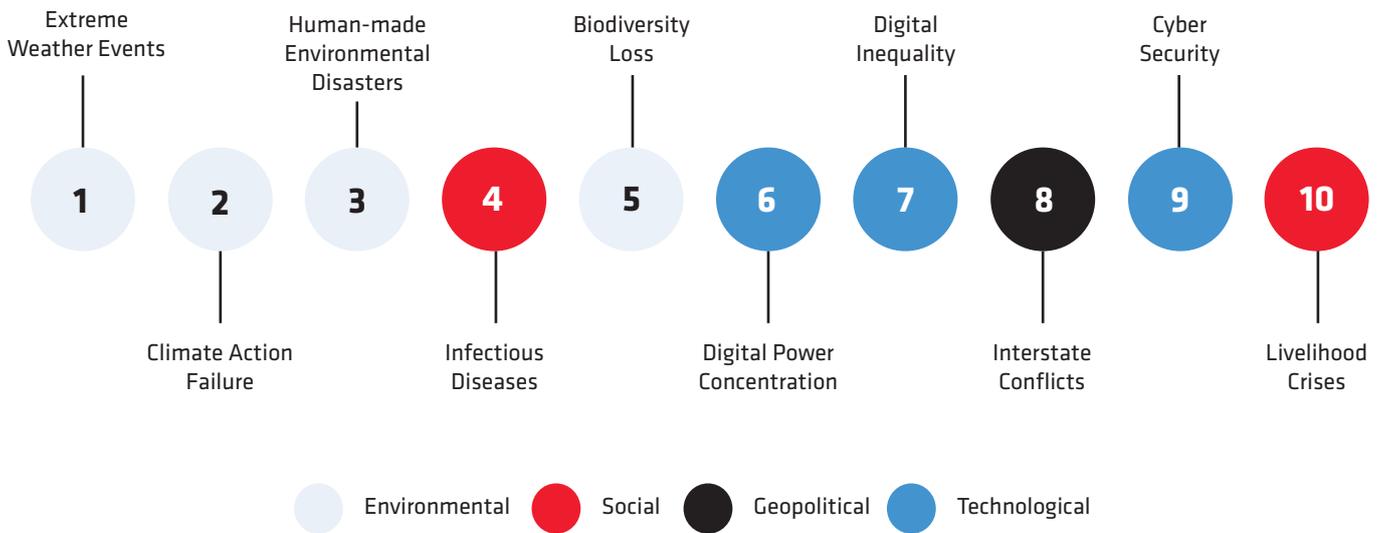
External Factors and Global Trends

At Nuh Çimento, while assessing our risks, we monitor not only the internal risks, but also the changes all around the world, and prepare our company for the future by taking into account the external factors such as global problems, sectoral trends and possible legislative changes.

World Economic Forum (WEF) Risk Perception

According to the World Economic Forum's (WEF) Global Risk Perceptions Survey 2021, three of the seven risks with the highest impact are the fight against climate change and environmental and social risks directly or indirectly caused by climate change. Five of these seven risks have a direct effect on our activities.

WEF Most Likely Global Risks



Reference: WEF (The World Economic Forum) Global Risk Report 2021





Nuh Çimento's Actions Against WEF Risks

The three main risk categories that may affect Nuh Çimento's achievement of its targets, namely financial, operational and strategic risks, and the actions we have taken against them are outlined in the section titled [Risks and Board of Directors' Assessment](#) in the Disclosures Required by the Legislation section of our report.

In addition, this report details the actions we have taken against global risks that are directly related to the strategic issues we identified after the assessments we made with our stakeholders in the preparation of our report. Explanations on this issue are given in the table below.

| WEF 2021 Global Risks | The Risk Group Identified in Nuh Çimento | Strategic Topic in the Report in which we communicate our actions |
|------------------------------|---|--|
| 1st Extreme Weather Events | Operational (OHS Risks) | Environmental Performance |
| 2nd Climate Action Failure | Financial Risks | Climate Change and Energy Management |
| 4. Infectious Diseases | Operational (Environmental Risks) | Covid-19 Pandemic and the Measures We Took (Not a prioritized strategic issue.) |
| 5. Biodiversity Loss | Strategic Risks (Compliance etc.) | Preservation of Biodiversity |
| 6. Digital Inequality | Financial Risks | Training and Development (HR Projects) |
| 9. Cyber Security | Operational (OHS Risks) | Digital Transformation |

EU Green Deal Carbon Border Adjustment

The fight against climate change and the transition to a low-carbon economy are among the most important challenges of the upcoming period, which also rank among the top issues in the World Economic Forum's Risk Perception Survey.

The Green Deal roadmap, which was announced in 2019 by the European Union, includes those actions to be taken to achieve zero carbon emissions by 2050. The most effective of these actions is that imported products will be charged in accordance with the carbon border adjustment (CBA). The Commission is planning phase out free allowances to carbon-intensive industries and instead imposing a carbon price on third country products in proportion to their carbon content (Carbon Border Adjustment Mechanism (CBAM)). The Commission published the official draft of the CBAM legislation in July 2021, and announced that carbon border adjustment will start in 2023 with reporting obligations only, and that importers will pay EU a carbon price starting from 2026.

Nuh Çimento's Actions Regarding Global Regulations

In February 2021, we prepared Nuh Çimento Carbon Road Map, under the leadership of our CEO and in coordination of our Directorate of Sustainability and Environment. Within the scope of the EU Green Deal Carbon Border Tax and the Emissions Trading System (ETS) prepared by the Ministry of Environment and Climate Change, we carried out risk and cost assessments with alternative methods and prices under different scenarios.

As a result of these assessments, we planned our actions and projects in the upcoming period, under four main headings: 1- Increasing Efficiency 2-Green Fuel 3-Green Cement 4-Green Electricity. In addition to five investment completed and ongoing within the framework of Scope 1, we have seven investments within the framework of Scope 2. In addition to all these projects, we have also calculated the reduction in greenhouse gas emissions we will achieve by increasing the production of low-emission blended cement.



Cement Sector in COP26

COP26, the 26th of the United Nations Climate Change Conferences, which take place every year within the body of UNFCCC (United Nations Framework Convention on Climate Change), and where 197 countries come together, was held in November 2021 in Scotland. This meeting raised expectations about the steps to be taken on climate change in all segments of the society with the increase of awareness after the pandemic.

Ian Riley, CEO of World Cement Organization (WCO), addressed governments at this meeting and stated that action should be taken in three specific areas for decarbonization in the cement sector, which accounts for 7% of global emissions. He specified that net zero emission journey may differ for each cement factory, but that the three key actions that states will take will have an immediate and long-term impact on companies in this process. These three key actions are:

- **To promote the low-carbon ready-mixed concrete market** by encouraging its use in state-funded building projects
- **To ensure that the low-carbon concrete is widely used** by reviewing and updating the product standards

- **To develop low carbon cement and concrete technologies** through creating the right market incentives by introducing carbon pricing, subsidies or other economic mechanisms.

Nuh Çimento's Actions Regarding Public Policies

At Nuh Çimento, we supported the preparation of the National Emission Trade System Road Map, by participating in a focus group authorized within the scope of 'Turkish Cement Sector 2050 Road Map Working Group' formed under the chairmanship of TÜRKÇİMENTO Board Members. Instead of paying a possible carbon price under National Emissions Trading System, we aim to take an active role to mitigate emissions by making the following investments:

- Increasing the use of alternative fuel containing biomass
- Producing cement with low clinker and alternative raw material
- To increase energy efficiency
- Developing and using new technologies.

In this context, you can review the results of the works we carried out at Nuh Çimento under the **Climate and Energy Management** section.



The Need for Rapid Urbanization and Sustainable Cities

Today, 55% of the world's population lives in urban areas, and this number is expected to rise to 68% by 2050. According to the 2018 Revision of World Urbanization Prospects report published by UN, with the current population growth, the number of people living in urbanized areas will reach 2.5 billion in 2050. This will create a significant burden on the infrastructure, services, employment, and the environment. The construction materials industry has a responsibility to respond to the needs of a growing population while supporting sustainable cities.

Sustainable development requires an important transformation regarding how we construct and manage the urbanized areas; and in this context, low-carbon production processes and construction materials, as well as buildings that maintain energy efficiency throughout their entire life cycle, are among the top priorities. Cement, on the other hand, has an important role in meeting the needs of a rapidly growing population as a low-carbon material compared to its economic life, with its availability and long-lasting durability once it is transformed into concrete.

Nuh Çimento's Actions Regarding Sustainable Products

In this context, you can see the positive impacts we have created in Our Performance in Reducing Carbon Footprint with Environmentally Friendly Products section of this document.

New Technologies and Innovativeness

Rapid development of technology is one of the most striking powers today, which directly affects all industries in the world. We need to take advantage of this potential in order to improve and modernize our processes and to trigger innovations. Digitalizing cement operations and managing them with clear data is increasingly important for us to make more informed decisions. New digital applications, robots and artificial intelligence technologies provide opportunities to deliver more efficient products with processes that create more value and reduce impacts across our entire value chain.

Nuh Çimento's Technology Development Actions Towards Sustainability

You may see the positive impacts we created as Nuh Çimento regarding this trend under Digital Transformation section.

Today, 55% of the world's population lives in urban areas, and this number is expected to rise to 68% by 2050.



COVID-19 Pandemic and Measures We Took

During the Covid-19 pandemic, which started in 2020 and continued at full speed in 2021, our priority as Nuh Çimento has been, as always, to keep our key stakeholders, shareholders, employees, our retailers/customers with whom we are in close contact, and their families safe and healthy. In line with the measures announced by the Turkish Ministry of Health to protect occupational and public health, we have implemented various administrative and operational decisions within our company and facilities since the first day COVID-19 was detected in our country.

Our Covid-19 Crisis Management Committee, which consists of the general managers, occupational health and safety experts,

workplace physicians and employee representatives of all our group companies under the leadership of the CEO and in coordination with the Human Resources Directorate, monitors the current situation regarding the pandemic and continues to actively work on creation of action plans, coordination with public institutions and creation and implementation of measures, from the very beginning of the pandemic.

In addition to the strict health measures we implemented in 2020, we developed special procedure in 2021 to ensure seamless management of our business with our key stakeholders.

Our Shareholders

- We have strengthened our infrastructure in order to hold our Board of Directors meetings, which represent our largest shareholders, via video conferencing.
- We chose to communicate with our investors mainly by telephone, e-mail and video conferencing.
- We have aligned our company strategies and workforce strategies that will make us flexible and agile in the medium and long term.

- By making premium payments during the pandemic, we aimed to relieve our employees economically and to protect their living standard.
- With all the practices we carried out in this period, we increased the working motivation, work performance and loyalty to the company of our employees.

Retailers and Customers (Local Market)

- Although we reduced the number of our retailer and customer visits during the pandemic, we increased our business efficiency by maintaining our contact by phone and e-mail and with correct planning.
- We provided trainings and took steps to inform the dispatchers who communicate with the drivers of the customers.

Retailers and Customers (Export)

- Due to the pandemic, we were only able to meet with our customers abroad through digital media.
- Due to the supply problems caused by the pandemic, we responded all of our customers' requests to change the shipment dates (earlier /later shipment).
- We increased our exports by convincing our customers to purchase from us the quantities they couldn't procure from other sources.

Çalışanlarımız

- By prioritizing human health and benefits of the society, we implement the Healthy Living Ambassadors Program to ensure that and help our employees continue working and adapt to the post-Covid-19 period. Within the scope of the Project, we created 1. Eat Healthy, Stay Healthy, 2. Post-Covid-19 Check-Up, 3. Covid-19 Bonus Support, 4. Examination on Site, Health at Work programs.
- We reduced density in the sites by switching to home/remote working and office rotation systems.
- We conducted online meetings, trainings and interviews. By leading the sector, we included our blue-collar employees into the online platform through phones and tablets as part of our training and development activities.

We maintained the harmony of our company strategies and workforce strategies which will make us flexible and agile in the medium and long term, during the pandemic period as well.

05

SUSTAINABILITY MANAGEMENT

In Nuh Çimento, we carry out such activities and make such investments which will achieve our commitment of ensuring economic, environmental and social sustainability in a balanced manner. At all levels of our company, we consider sustainability as a long-term, healthy and profitable journey providing value for all our stakeholders.





Our Sustainability Milestones

2006

WASTE INCINERATION PERMIT

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

2007

ONLINE EMISSION MONITORING

We installed the first online flue gas monitoring system in Turkish cement industry and provided competent authorities with access to online monitored flue gas data.

SEA WATER DESALINATION WITH REVERSE OSMOSIS (RO) SYSTEM

With the system through which we obtain domestic water by desalination of sea water, we reduced the use of underground and clean water resources.

2008

BIOLOGICAL PACKAGE TREATMENT FACILITY

With the Biological Package Treatment Facility investment, we established a fully automated new system treatment facility.

FIRST INTEGRATED SEWAGE SLUDGE DRYING FACILITY

Our sewage sludge drying facility, which realizes energy recovery by drying urban and industrial wastewater with waste heat, is the first of its kind in Turkey for the waste and cement sectors.

ISO 14001 ENVIRONMENTAL MANAGEMENT SYSTEM

Following the initiation of the process to fulfill the relevant requirements in 2007 and the audits completed in 2008, Nuh Çimento started to manage its operations in line with international standards with ISO 14001 Environmental Management Certificate.

2010

ŞEHABETTİN BİLGİSÜ ENVIRONMENTAL AWARDS

We have been awarded three times in Şehabettin Bilgisü Environmental Awards, with the Project Incentive Award in 2010, the Jury's Special Award in 2014 and the Mixed Plants Environmental Award in 2017.

2016

CERTIFICATION OF GREENHOUSE GAS REDUCTIONS WITH CO₂ REDUCTION CERTIFICATE

Thanks to waste heat recovery system, we obtained VCS Carbon Reduction Certificate of 56,104 tons CO₂ e/year for power plant and 24,935 tons CO₂ e/year for sewage sludge drying plant.

THE FIRST FACTORY OF TÜRKİYE GRANTED ENVIRONMENT-FRIENDLY PLANT AWARD

In the environment-friendly facilities award organized every year by the Healthy Cities Association, Nuh Çimento has become the first cement factory across Türkiye, which was granted the Environment-Friendly Plant Award.

2017

IZMIT GULF RESTOCKING PROJECT

As the sole sponsor of Izmit Gulf Restocking Project, which is a first in Türkiye in a marine environment, we contributed positively to the ecosystem of Marmara Sea.

2018

THE FIRST GRI CERTIFIED INTEGRATED ANNUAL REPORT

We published Nuh Çimento's first Integrated Annual Report from the sustainability perspective.

RELEASE OF PRODUCTS WITH LOW CARBON FOOTPRINT

We launched cement types with low carbon footprint and high additive content.

PROJECT FOR THE CONVERSION OF CONSTRUCTION MACHINERY INTO ELECTRIC VEHICLES

We lead the cement industry with the project to convert the construction machinery used in raw material extraction from diesel fuel to electric systems.

LOW-CARBON HERO AWARD

We were granted Low Carbon Hero award for two consecutive years in Istanbul Carbon Summit, with the renewable energy projects in 2018 and products with low carbon footprint projects in 2019.

2019

INTEGRATED ANNUAL REPORT INTERNATIONAL SUCCESS AWARD

With our Integrated Report 2019, we received the bronze medal, which was the only award granted in the Combined Reports Category in ARC Awards, which is considered the "Oscar" of annual reports and receives the highest number of applications worldwide.

2011

PROJECT FOR CONVERTING ELECTROFILTERS TO BAG FILTER

With the project for converting 7 electrofilters to bag filters started in 2009, we reduced dust emissions below European standards.

2012

RENEWABLE ENERGY GENERATION WITH HYDROELECTRIC POWER PLANT

We started to obtain electricity from renewable resources, with our hydroelectric power plant with installed capacity of 17 MWh.

FULLY AUTOMATED WASTE-DERIVED FUEL FEEDING SYSTEM

By installing a Waste-Derived Fuel (WDF) Feeding System, we ensured that waste is fed to the furnaces with full automation without human intervention.

2013

RENEWABLE ENERGY GENERATION WITH WASTE HEAT RECOVERY (WHR)

With recovery of waste heat coming out of stacks, we build an electricity generation plant with a capacity of 18 MWh, and increased our capacity of energy generation from renewable resources.

ICCI ENERGY OSCAR AWARDS

We set an example with our energy investments twice in ICCI Energy Oscar Awards, by being granted the Jury's Special Award in 2013 and Waste Heat Category Oscar Award in 2019.

2014

LOW NOx SYSTEM IN SNCR PLANT

We reduced our NOx emissions from stacks by commissioning our SNCR Plant investment.

SNCR (Selective Non-Catalytic Reduction)

2020

CSC RESPONSIBLE SOURCING CERTIFICATE

We awarded Bronze certificate in Responsible Utilization of Resources category of Concrete Sustainability Council (CSC).

OUR CEO IS AMONG THE SUSTAINABILITY LEADERS OF TURKEY

In the Fast Company magazine's Sustainability Leaders of Türkiye list, our CEO Gökhan Bozkurt ranked 27th among 135 leaders who were nominated.

2021

INTEGRATED ANNUAL REPORT INTERNATIONAL SUCCESS AWARD

With our Integrated Report 2020, we received Gold medal in the Combined Reports Category in ARC Awards, which is considered the "Oscar" of annual reports and receives the highest number of applications worldwide.

OUR CEO IS ONCE AGAIN AMONG THE SUSTAINABILITY LEADERS OF TURKEY

In the Fast Company magazine's Sustainability Leaders of Türkiye list, our CEO Gökhan Bozkurt ranked 47th among 142 leaders who were nominated.

INSPIRING CORPORATE SUSTAINABILITY EFFORTS

In the SUSZ'21 Social Compliance and Sustainability Summit, we were granted the Inspiring Corporate Sustainability Practices Award.



GREAT PLACE TO WORK CERTIFICATE

We were awarded Great Place To Work Certificate with our exemplary practices in Human Resources.



Our Sustainability Strategy and Sustainability Management Structure

At Nuh Çimento, we manage sustainability within the framework of our occupational health and safety targets, our economic performance which provides value to all our key stakeholders, our position in international market, and our targets to reduce all our environmental impacts, especially through energy and emission management.

Our company's sustainability strategy began to take shape years ago due to the rise in energy costs worldwide and our need for alternative energy and raw material sources. In this context, we managed sustainability projects as daily activities of our company, and set our targets within this framework. The fact that we have felt the consequences of climate change intensely in recent years, and evolving international regulations influenced us to start managing our strategy with an approach focused on climate risks.



Sustainability Management Structure in Nuh Çimento

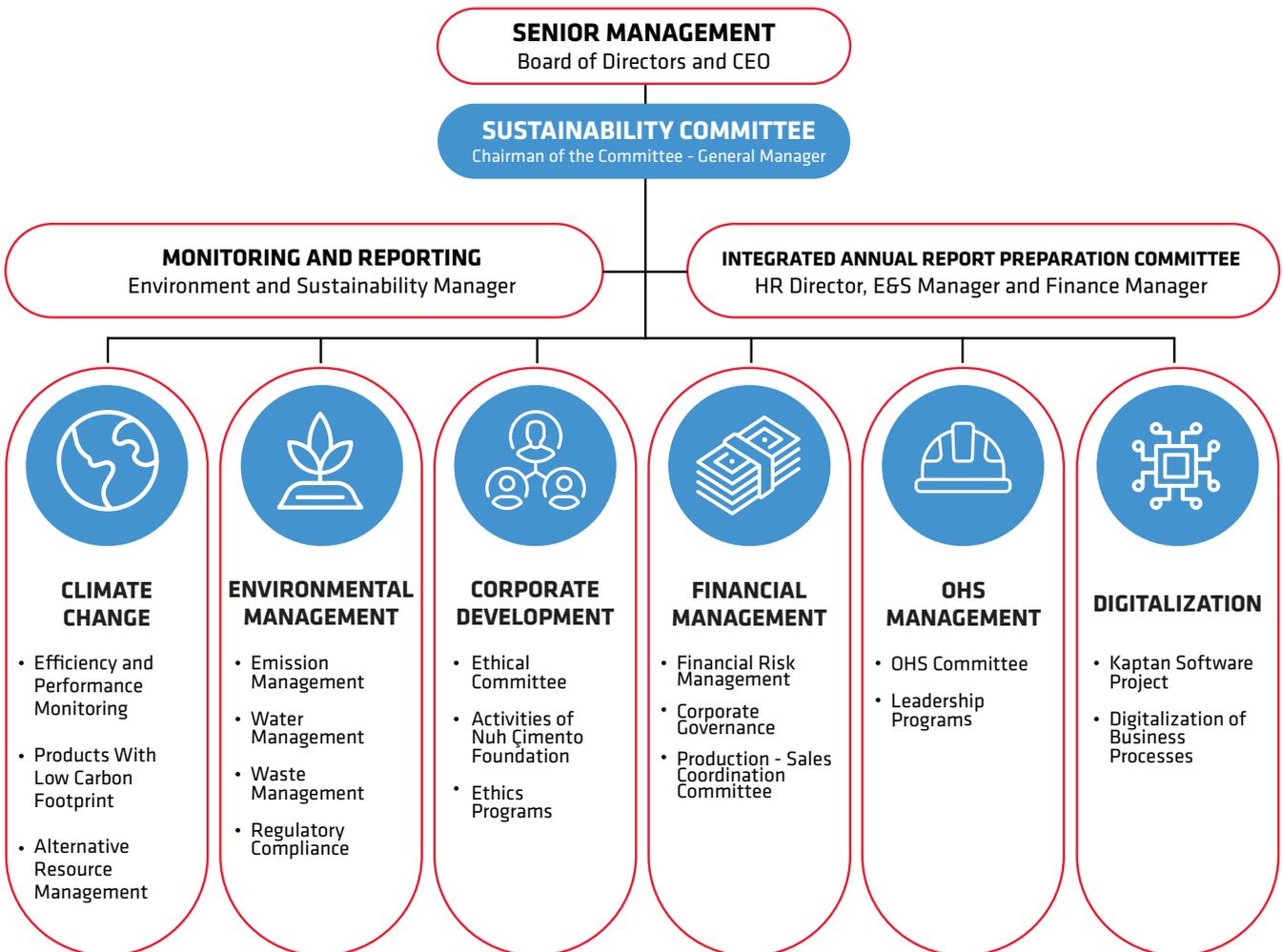
We restructured our sustainability team in 2021 within the scope of responsibilities and targets of our Company. The team, which previously reported to our General Manager, now directly reports to CEO and the Board of Directors through our General Manager, who is also the Chairman of the Sustainability Committee.

In order to keep pace with the rapidly changing world and with the new world order, and within the vision set by our CEO, we have redesigned and restructured our sustainability activities with the Sustainability Committee which is chaired by our General Manager.

By establishing the Monitoring and Reporting Unit and Integrated Annual Report Preparation Committee, which report to the Chairman of the Sustainability Committee, we aim to carry out our activities in line with our vision.

The Integrated Annual Report Preparation Committee, which consists of the managers of the Environment and Sustainability, Human Resources and Finance departments, and our Environment and Sustainability Manager who is responsible for performance monitoring and reporting, lead six working groups that develop projects aiming at our focus areas. Details of these six working groups and the items in their agenda are given in the diagram below. We hold regular monthly meetings with the working groups for the purposes of monitoring and reporting, and biannual meetings within the scope of integrated annual report.

This team monitors all our sustainability targets which are included in our report and support our corporate goals, and regularly reports the developments related to our performance to our General Manager at least twice a year.



Stakeholder Engagement Activities

Stakeholder Engagement Activities

Our stakeholders are those persons and organizations that are affected by our activities today and in the future, and at the same time whose decisions have an impact on our corporate goals. Our shareholders, employees, retailers and other customers all form part of our key stakeholder group as they have legal, financial or operational responsibilities towards our company.

(GRI 102-42)

We communicate with all our stakeholders, especially our key stakeholders, through different platforms at different times to provide them with detailed information about our company, our products, activities, and business results.

Recognizing that different stakeholder groups may have different assessments of our company based on their areas of interest, we have been conducting stakeholder engagement activities since 2017, when we prepared our first integrated annual report.

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

OUR EMPLOYEES, RETAILERS AND CUSTOMERS

Engagement Platform: Online Sustainability Prioritization Survey

Changes and Results: Top five priority were Occupational Health and Safety, Economic Performance, Energy Management, Materials and Procurement Practices. Main sections of our report were Water Management, Employment, Training and Education, Compliance, and Local Community.

OUR EMPLOYEES

Engagement Platform: Face-to-Face Survey conducted with the Academic Support of Kocaeli University

Changes and Results: There was no significant change in the matrix.

SUSTAINABILITY WORKING GROUP

Engagement Platform: Review Meeting

Changes and Results: In order to raise awareness, we combined Energy Management and Emission Management sections under Climate Change and Energy Management topic.

(GRI 102-43, GRI 102-44)

'17

'18

'19

'20

'21

OUR EMPLOYEES

Engagement Platform: Online Sustainability Performance Assessment Survey

Changes and Results: There was no significant change in the matrix.

SUSTAINABILITY WORKING GROUP

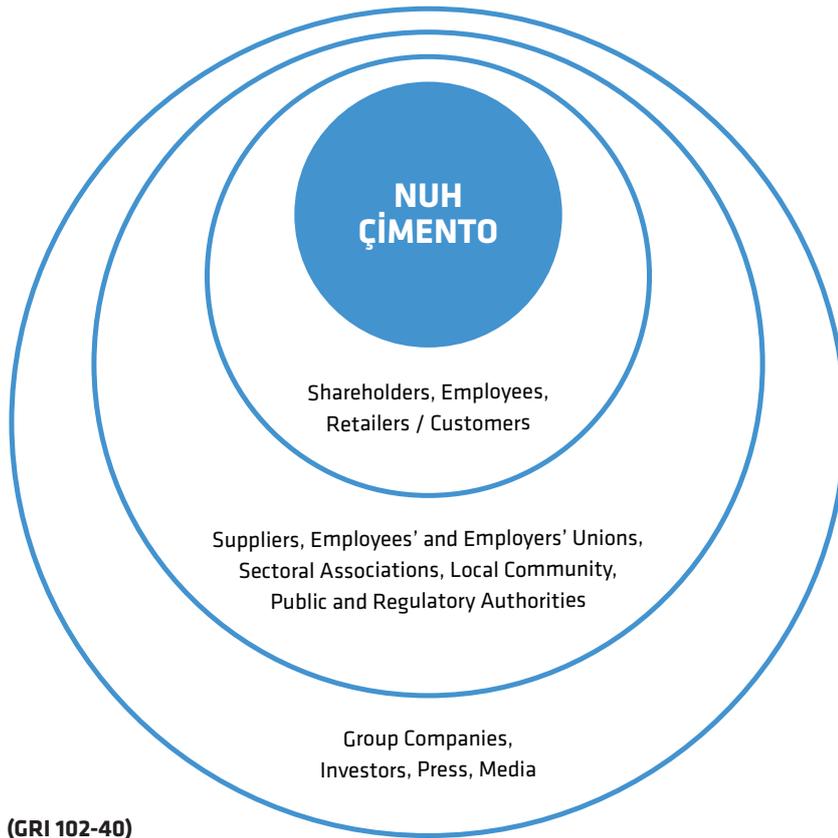
Engagement Platform: Stakeholder Priorities Workshop- Internal Assessment

SENIOR MANAGEMENT

Engagement Platform: Review Meeting

Changes and Results: At the end of the review, we added Digital Transformation and Growth in International Markets topics, whose importance is increasing day by day, to our current strategic topics. Due to the significant role of the cement sector in the fight against climate change and the developments within the scope of European Green Deal, emissions that we previously discussed under waste management became the main topic in the matrix this year.

Our Key Stakeholders



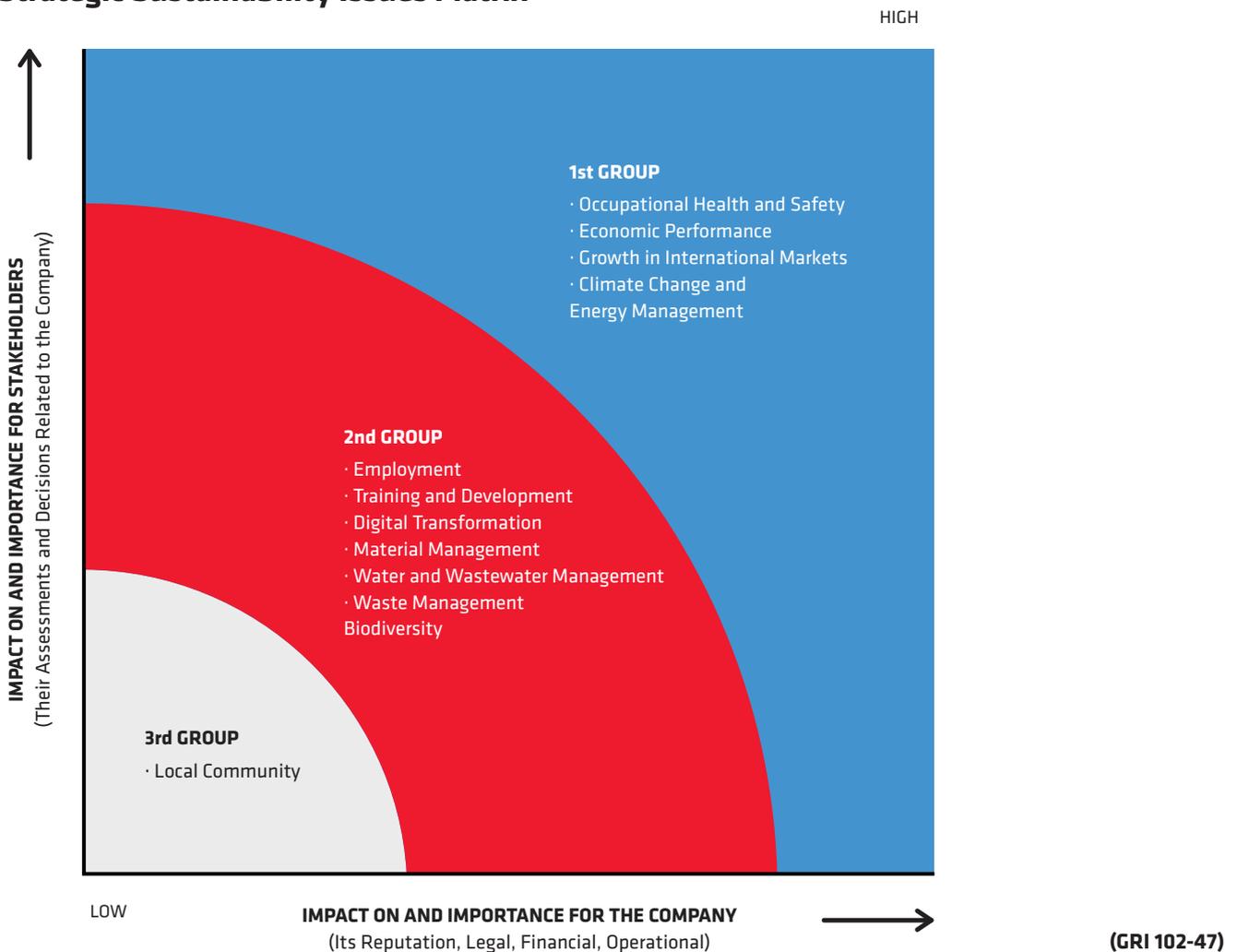
Our Sustainability Priorities

We updated our prioritized sustainability topics in the light of sector analyses, stakeholder prioritization surveys and senior management strategy works we carried out in previous years, taking into account the ongoing pandemic conditions in 2021, through a review meeting we held with our Working Group.

In our report, we mainly presented our performance related to the issues in the first group, while we outlined the less important issues in the second group, considering that they may be included in the first group in the coming years.

(GRI 102-46)

Strategic Sustainability Issues Matrix



SUSTAINABILITY IMPACTS IN THE NUH ÇİMENTO VALUE CHAIN

RAW MATERIAL PRODUCTION (MINE SITES)

Operation

- Drilling
- Blasting
- Transportation of Raw Materials

Raw Materials

- Limestone
- Marn
- Clay

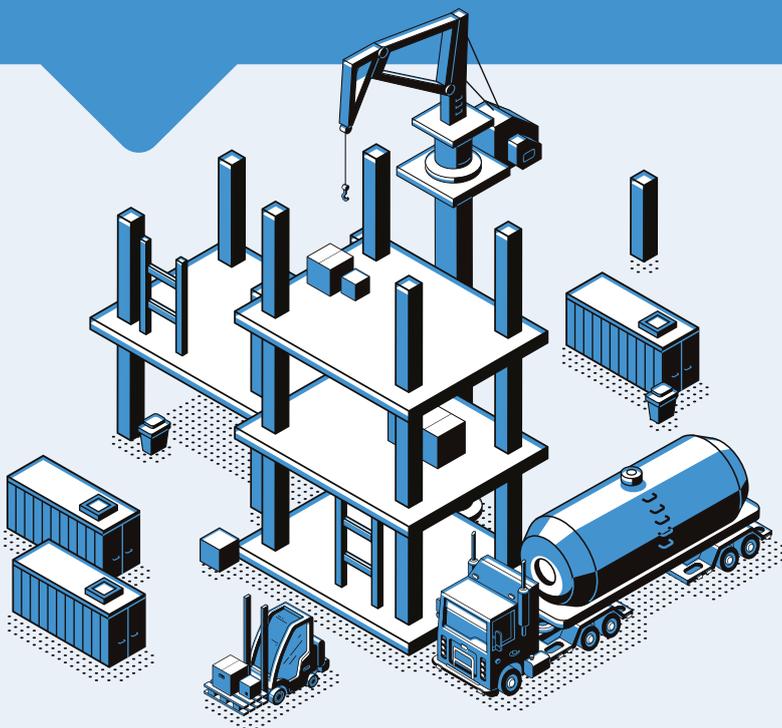
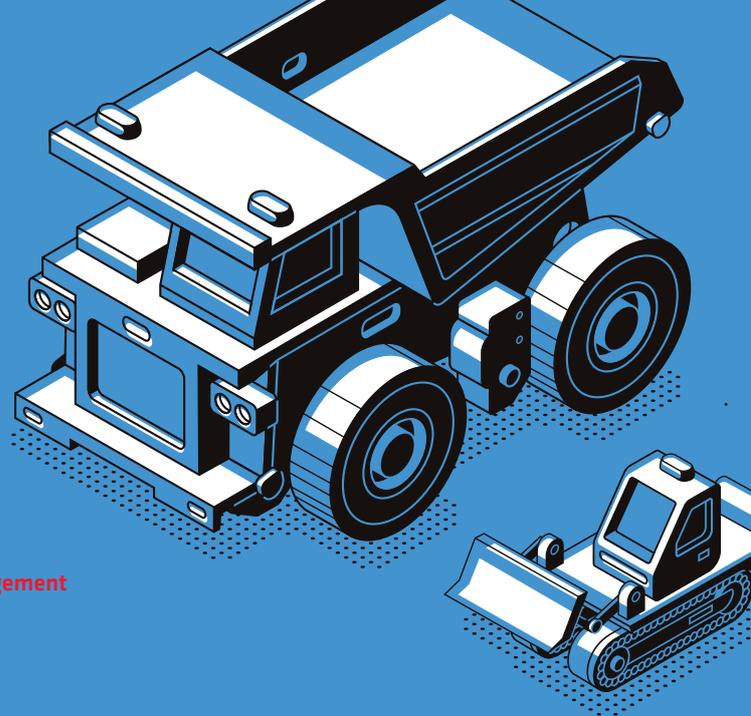
Sustainability Impacts:

Direct Impacts

- Material Management
- Biodiversity

Indirect Impacts

- Occupational Health and Safety
- Climate Change and Energy Management



CLINKER AND CEMENT PRODUCTION

Operation

- Crushing
- Homogenization
- Grinding
- Sintering
- Cooling

By-Products

- Clinker

Operation

- Grinding
- Stocking
- Packaging

Product

- Cement

Sustainability Impacts:

Direct Impacts

- Occupational Health and Safety
- Climate Change and Energy Management

- Material Management
- Waste Management

Indirect Impacts

- Training and Education
- Employment
- Digital Transformation
- Water and Wastewater Management

CUSTOMERS



MARKETING AND SALES

Sustainability Impacts:

Direct Impacts

- Economic Performance

Indirect Impacts

- Growth in International Market

Customer Groups

- Retailers
- Ready-Mixed Concrete Manufacturers
- Industrial Manufacturers
- Construction Companies
- Contractors
- Export Customers



OPERATIONS TRANSPORTATION OF PRODUCTS

Sustainability Impacts:

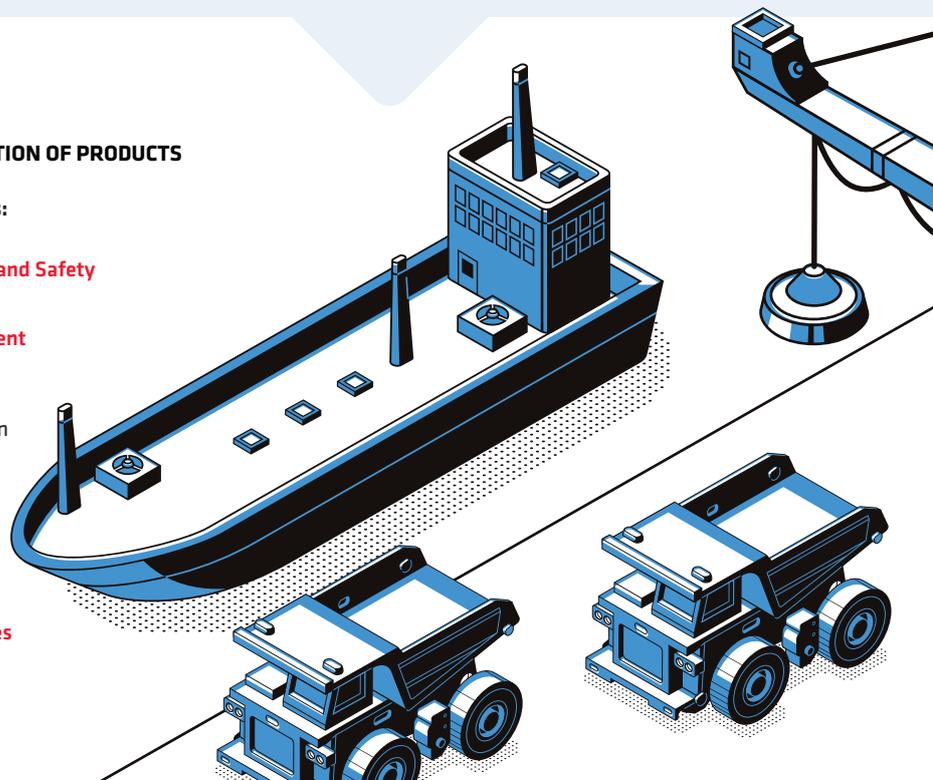
Direct Impacts

- Occupational Health and Safety

Indirect Impacts

- Emissions Management
- Climate Change and Energy Management
- Digital Transformation

*Our Top Priority Issues



Our Sustainability Goals

Since last year, we have realized most of our sustainability targets, and we have raised many of our targets by taking into account new projects and works for the future. Targets that we could not achieve are explained under the relevant target heading.

| ECONOMIC GOALS | | | | |
|--|--|---------------|-----------------|----------------|
| Economic Performance | Performance Criteria | Target (2021) | Achieved (2021) | Target (2022) |
| Increase the added value we offer to our shareholders | Net profit margin (%) | 15 | 26 | (Minimum) 20 |
| Procure from domestic suppliers instead of foreign suppliers | Local procurement rate (%) | 75 | 73* | (Minimum) 70 |
| Growth in International Market | Performance Criteria | Target (2021) | Achieved (2021) | Target (2022) |
| Increase exports | Export rate (%) | 75 | 80 | (Minimum) 75 |
| Digital Transformation | Performance Criteria | Target (2021) | Achieved (2021) | Target (2022) |
| Achieve digital transformation in our business processes | Percentage of our operations we initiated digital transformation (%) | 60 | 60 | (Minimum) 66** |

* We are 2 points behind our local procurement target. Foreign procurement rate increased due to the extraordinary increase in coal prices and exchange rates. We have lowered our target in the light of economic expectations.

** We have raised our digital transformation target since we achieved it.

| SOCIAL GOALS | | | | |
|--|---|---------------|-----------------|---------------|
| Occupational Health and Safety | Performance Criteria | Target (2021) | Achieved (2021) | Target (2022) |
| Prevent the fatal accidents at work | Number of fatal accidents | 0 | 0 | 0 |
| Reduce the fatal accident frequency rate | Number of accidents (in 1 million working days and with lost times) | 0 | 5 | 0 |
| Prevent lost time accidents | Lost workdays (Lost workdays due to accident*person) | 0 | 105 | 0 |
| Our People | Performance Criteria | Target (2021) | Achieved (2021) | Target (2022) |
| Prevent high employee turnover rate | Employee turnover rate (%) | (Maximum) 7 | 7,64*** | (Maximum) 7 |
| Education and Training | Performance Criteria | Target (2021) | Achieved (2021) | Target (2022) |
| Increase the training hours per employee | Hours of training per employee (hours) | 34 | 40**** | (Minimum) 36 |

*** Leaves of employment and dismissals, which could not be made due to restrictions during the pandemic in 2020, were reflected in 2021 results after these restrictions were lifted. Average turnover rate in 2020 and 2021 was 6.57, and it is below our target.

**** We have raised our target because we have exceeded our hours of training target.

ENVIRONMENTAL GOALS

| Energy | Performance Criteria | Target (2021) | Achieved (2021) | Target (2022) |
|---|--|---------------|-----------------|------------------|
| Ensure efficient use of electric energy | Electricity consumption (kWh/ton cement) per ton of product (cement) | 109 | 106,1 | (Maximum) 108 |
| | Thermal energy consumption (Furnace 1) (kcal/kg clinker) per ton of clinker production | 756 | 763* | (Maximum) 761 |
| Ensure efficient use of heat energy | Thermal energy consumption (Furnace 2) (kcal/kg clinker) per ton of clinker production | 768 | 772* | (Maximum) 761 |
| | Thermal energy consumption (Furnace 3) (kcal/kg clinker) per ton of clinker production | 721 | 732* | (Maximum) 730 |

*Due to the disruptions in coal supply globally in 2021, our fuel diversity increased and we also used lignite. The blending of existing fuels more than in previous years for optimum utilization led to a partial decrease in the combustion efficiency of our fuel and a 0.5% increase in fuel consumption.

**The increase in the variety of coal used in the furnaces and the use of low-calorie coal led to an increase.

| Emission | Performance Criteria | Target (2021) | Achieved (2021) | Target (2022) |
|---|---|---------------|-----------------|------------------|
| Reduce dust emissions from production | Annual dust emission average value of Furnace 1 main emission stack (mg/Nm ³) | 20 | 6 | (Maximum) 20 |
| | Annual dust emission average value of Furnace 2 main emission stack (mg/Nm ³) | 20 | 17 | (Maximum) 20 |
| | Annual dust emission average value of Furnace 3 main emission stack (mg/Nm ³) | 20 | 18 | (Maximum) 20 |
| Reduce the greenhouse gases generated by production | CO ₂ e amount (kg) emitted per ton of clinker production | 840 | 845** | (Maximum) 840 |

| Materials and Raw Materials | Performance Criteria | Target (2021) | Achieved (2021) | Target (2022) |
|--|--|---------------|-----------------|----------------------|
| Increase the use of waste as alternative fuel instead of fossil fuels | Ratio of alternative fuel use to total fuel consumption (%) | 2,5 | 1,4*** | (Minimum) 1,5 |
| Increase the use as waste as alternative raw material instead of natural resources | Amount of alternative raw material utilization (amount declared under the Environmental Legislation, excluding excavation) (tons/year) | 350.000 | 430.686**** | (Minimum) 375.000 |

***We could not realize our 2021 target of 2.5%, because of decrease in quantity due to fuel-related combustion efficiency and prioritization of production and quality due to direct export production.

****Since we exceeded our target for the use of alternative raw material, we set our new target higher.

ENVIRONMENTAL GOALS

| Waste | Performance Criteria | Target (2021) | Achieved (2021) | Target (2022) |
|--|---|---------------|-----------------|---------------|
| Ensure that waste generated is sent for recovery instead of disposal | Ratio of waste sent for recovery to total waste generated (%) | 90 | 90 | (Minimum) 90 |

| Water and Wastewater | Performance Criteria | Target (2021) | Achieved (2021) | Target (2022) |
|--|--------------------------------------|---------------------|-----------------|---------------------|
| Keeping the total amount of water used below a certain level | Annual amount of water consumed (m3) | (Maximum) 1.700.000 | 1.743.324**** | (Maximum) 1.750.000 |

**** Water consumption increased due to the increase of production in the WHR Facility and the change in the quality parameters of water obtained in water supply from Ulupinar Stream. Water consumption in 2021 increased due to the increase in conductivity of raw water.

| Preservation of Biodiversity | Performance Criteria | Target (2021) | Achieved (2021) | Target (2022) |
|--|---|---------------|-----------------|---------------|
| Avoid operating in areas where special biodiversity species are cultivated and inhabited and other protected areas | Number of operations carried out in areas under protection for biodiversity | 0 | 0 | 0 |
| Prepare rehabilitation projects and to have them approved by competent authorities | Rate of mine sites approved for rehabilitation projects (%) | 100 | 100 | 100 |



06

OUR ECONOMIC PERFORMANCE

At Nuh Çimento, we carry out an important economic activity and contribute to national economy with our supply and retailer/customer networks, the jobs we create and our production and export activities. Having been granted the “Top Company Contributing Anatolia’s Export Figures” award by Economist Magazine in 2021, our company was also announced by Turkish Exporters Assembly as the Top Company with the Highest Increase in Exports. Our Company awarded the Sectoral Performance Evaluation Grand Award by Kocaeli Chamber of Industry and became “the Only Cement Factory listed in the Top 100 among the Türkiye’s Top 1,000 Exporters”.



nuh

ERIE

Our Contributions to Economy

Our goal
**is to increase the value
we distribute to our
shareholders**

Achieved in 2021

26%

Target for 2022

**Minimum
20%**

At Nuh Çimento, sustainable growth is based on the fact that we always consider the interests of our stakeholders. As we carry out our for-profit business activities, we strive to add value not only for our investors and shareholders, but also for our employees, customers, suppliers, our country and all members of the local community we live with.

All the departments, particularly our Board of Directors, our CEO and our General Manager, are responsible for the management of economic performance. New investments, benchmarking studies and cost-cutting efforts are among the actions we take to increase our performance. With the investments we make and the export opportunities we create, we continue to contribute to employment and the development of our country.

We create the necessary investment, market and strategic plans to ensure sustained profitability for our shareholders and investors. In order to ensure customer satisfaction and to create value for them, we record every complaint we receive about our products and services, and resolve customer demands and complaints as soon as possible by working in coordination with the Domestic Sales and After-Sales Quality Monitoring Departments.

The most important indirect contribution of our Group to the national economy is tax payments. We have been among the highest taxpayers in Türkiye and Kocaeli for many years.

We Support Local Economy With Our Procurement Volume

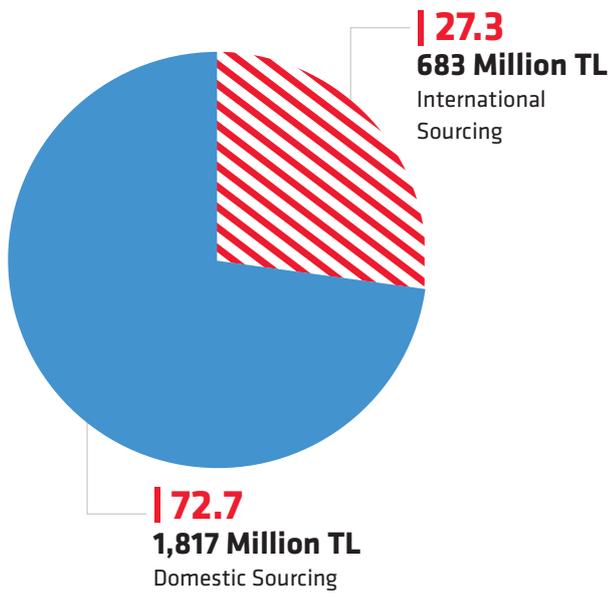
At Nuh Çimento Group, we create an important economic value with the raw materials, products and services we purchase, from preparation our products and services to offer them to the market that reach record sales levels.

During the year, we expanded our supplier portfolio by adding 353 new local suppliers and 17 new international suppliers, reaching 1,909 suppliers at the end of 2021. 623 out of those suppliers serve more than one company in our group. In 2021, 73% of Nuh Çimento, Nuh Yapı, Nuh Beton and Çimnak's total supplier spending of TL 2.5 billion was for goods and services purchased from our local suppliers in Turkey. Nuh Çimento's share in this total is approximately 76%.

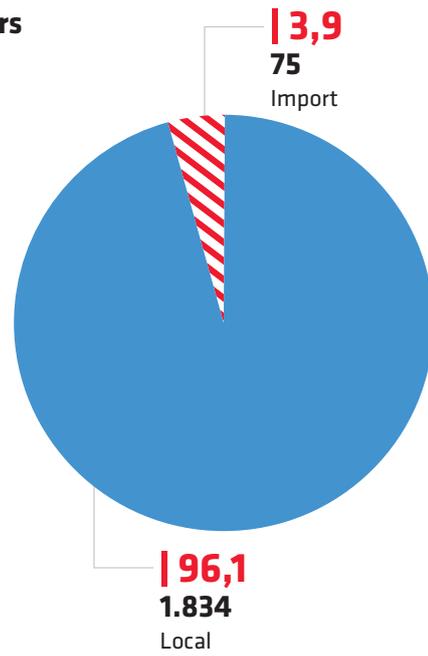
We have created procurement processes at international standards with the latest SAP Supplier Evaluation software and applications such as the Procurement Portal Project. In this way, we ensure that standards can be checked for legal compliance, occupational health and safety, cost advantage, environmental compliance, energy efficiency, quality and sustainability.

Our Procurement Procedure, which applies to all our group companies, has been approved by our Board of Directors. We apply a supplier pre-qualification process for suppliers of critical commodity groups such as raw materials, energy, mechanical maintenance, etc. The supply performance of suppliers is evaluated through user surveys conducted at the end of the year. We have no suppliers operating in countries and geographies where the collective bargaining rights of their employees are at risk, or where such risks are high.

Breakdown of our Supply Costs



Number of our Suppliers



Growth in International Markets

Our Goal
Increase exports

Achieved in 2021

80%

Target for 2022

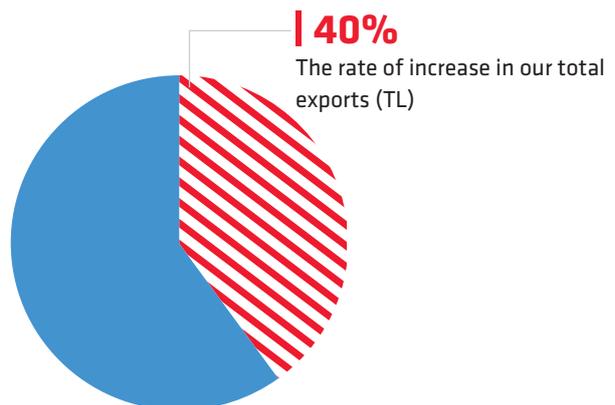
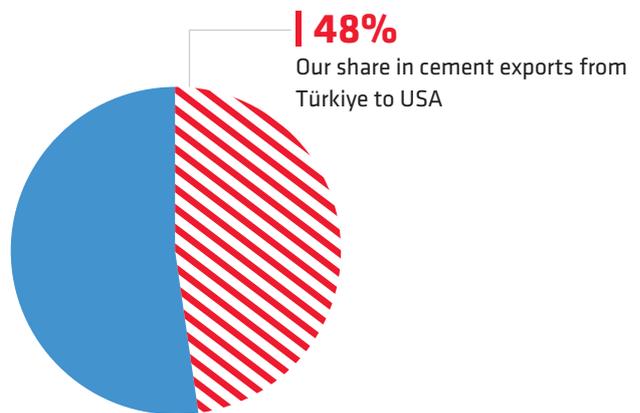
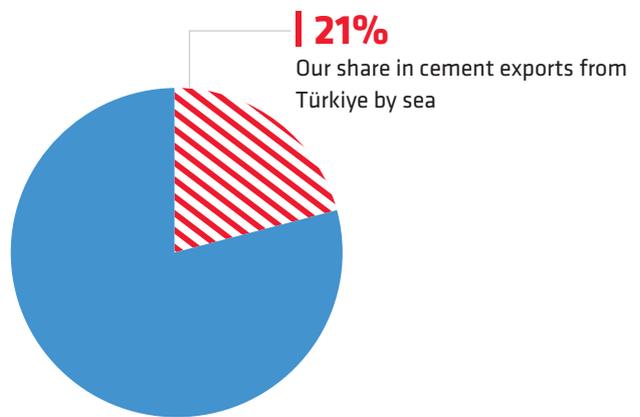
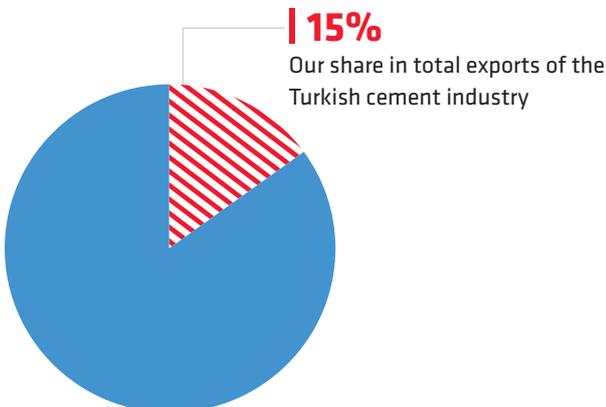
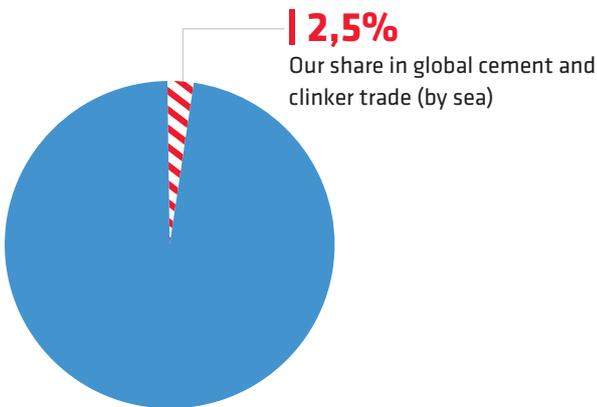
Minimum
75%

According to the Turkish Cement Manufacturers' Association (TÜRKCİMENTO) data, cement production in Türkiye increased by 9.5% in the first 10 month of 2021 compared to 2020. Approximately 21.6% of cement produced in the period from January to October 2021 was exported. In the same period, domestic sales and cement exports increased by 9.6% and 3.2%, respectively. Growing by approximately 23% in 2020, the sector increased its sales in 2021 as well, due to both the reopening of the market and the base effect.

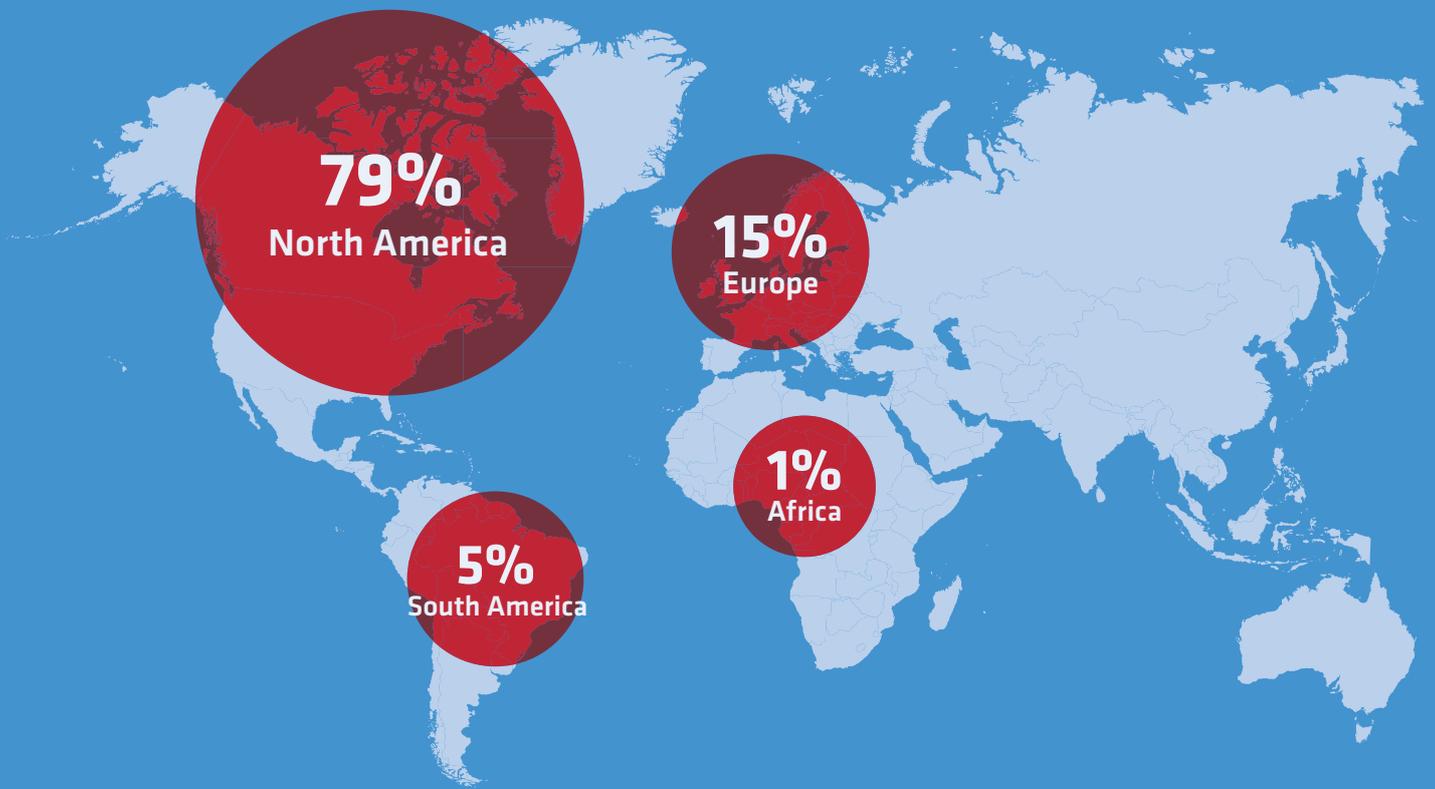
We have been the only cement factory in top 100 in the Türkiye's Top 1,000 Exporters in 2020 list of Turkish Exporters Assembly, which was announced in 2021. We export our products to more than 50 countries, including North America, South America, Africa, Europe, Asia, the Indian Ocean, Caribbean and Russia. In 2021, our total exports amounted to 168 million USD. Our exports to the US increased by 101% compared to 2020 and reached 132.9 million USD.

Summary of Nuh Çimento's Export Performance in 2021

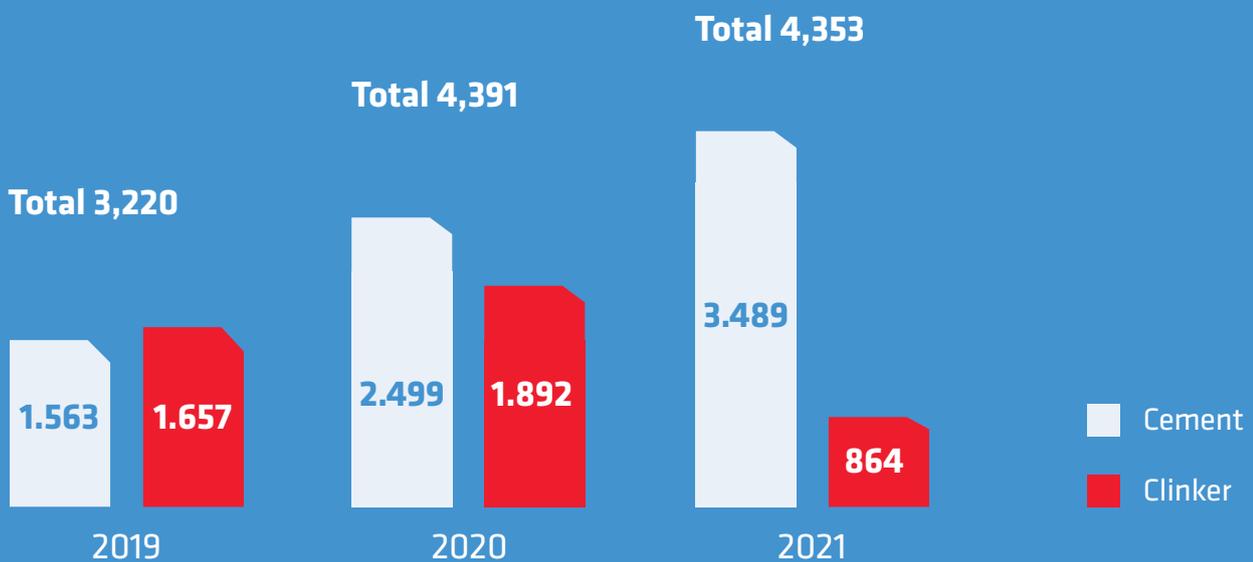
THE LARGEST EXPORT IN THE HISTORY OF THE TURKISH CEMENT SECTOR AND IN THE WORLD FROM A SINGLE POINT, WITH 4.4 MILLION TONS OF CEMENT AND CLINKER



Breakdown of Export Markets 2021



Our Export (1000 tons)



Digital Transformation

Our Goal

Achieve digital transformation in our business processes

Achieved in 2021

60%

Target for 2022

66%

At Nuh Çimento, digital transformation journey of our business processes started in 1995, when we equipped our company with IBM AS 400 computer systems. In 2000, we started to use the Enterprise Resource Planning (ERP) software. Our digitalization journey continued with the installation of automation systems in various stages of production, database and quality management systems, and then the installation of fiber infrastructures, document management system and launching of retailer and intranet portals, and in this journey the existing infrastructure and systems were updated periodically and as needed.

These investments have led to improved performance across the company. Sales processes began to be carried out in a more controlled and faster manner with the renewed automation systems, and customers were able to access their data online more quickly thanks to the Dealer Customer Portal. Through updates in technical infrastructure and software processes, support and labor costs were minimized.

Our Digital Transformation Activities in 2021

During the reporting period, we carried out updates, improvement and renewal activities.

Updates: Updates were made in Weighbridge Automation System, System Rooms Control Systems, Document Management System, Personnel Attendance Tracking System, Occupational Health and Safety Application, Corporate Websites, Fiber Infrastructure, Intranet Portal, Endpoint Security, Back-up Application and HelpDesk.

Other Activities: Widespread use of Online Meetings, e-Document Application Improvements, Port Turnstile System, Çim-Nak Dining Hall Turnstile System, Personnel Attendance Tracking System Renewals, HES Code Entegration of the Ministry of Health of the Republic of Türkiye, Firewall Equipment Renewals, Back-up Unit Equipment Renewals, and Preparations for the Introduction of Data Loss Prevention System.

Production Lines Automatic Operator System

In 2014, the work we started with the commissioning of smart process control systems on the third production line continued same year with the installation of the factory production and maintenance reporting tracking system. Driver modernizations in 2015, and modernizations of Programmable Logic Controller (PLC) and Scada (energy monitoring) systems and developments made in gas analysis systems, weighing systems and raw material analysis systems, and the new raw material analysis systems installed in the Crushers area in subsequent years were important steps in the transformation process.

Transformation of production processes continued at full speed with smart process control systems launched in the first production line, the status observation systems launched in raw mills and cement mills, energy monitoring systems, transferring shift reports into digital environment, updating of automation network infrastructure and cyber security works.

Our Activities in 2021

In 2021, we completed the commissioning of Furnace 3 expert system (advanced process control system). We have started the commissioning of Furnace 2 expert system, and scheduled to complete the work in 2022. Demo tests for cyber security in automation systems were carried out. We have started the commissioning of the QCX Advance Quality Control System and 3D modeling works to be carried out in the high and low inventory turnover goods stock areas and scheduled to complete them in the first quarter of 2022.

We completed Knowledge Manager system version upgrade. We met with various companies and conducted demo studies for artificial intelligence-based software that can make predictions for the monitoring of critical data, predictive and preventive maintenance of high power consuming gearmotor equipment across factory.

Achievements in Production Efficiency

- Production continuity was ensured by preventing chronic failures that cause unit downtime and production losses.
- Thanks to digital reporting applications, we accessed accurate information and data more quickly, reliably, functionally and completely. Improved benchmarking and forecasting processes led to more accurate production forecasts and increased efficiency.
- This had a positive impact on the quality of the product produced.
- It allowed production units to monitor certain important parameters related to the factory from a single point.
- We increased efficiency by optimizing production with smart process control systems and by minimizing the operator-related errors.

Achievements in Occupational Health and Safety

- By reducing the historical frequency of breakdowns, developing a more efficient tracking system and reducing potential hazards through predictive maintenance, the pressure on employees from breakdowns has been reduced. This led to a decrease in the number of work accidents.
- The submission of personnel training records to the Ministry of Labor and Social Security system was simplified.
- E-prescribing was introduced in Occupational Medicine modules.

Environment Related Achievements

- With smart process control systems, we have optimized and reduced the amount of coal and natural gas consumed and reduced energy consumption per unit of production.
- We reduced the number of physical servers and increased energy efficiency through virtualization efforts.

Plans for the Future

In the digital transformation journey, we will continue to make investments and improvements in automation systems requiring modernization. We will review all production processes from raw material input to the output of finished product of cement, and make necessary process optimizations to minimize human intervention and error. We will strengthen the cyber security infrastructure where necessary to protect it against cyber-threats that may arise from the connection of systems to the Internet network.

Kaptan Software Project

The first milestone of the Kaptan Software Project, which is the intellectual capital of our company and enables rapid forward-looking decision-making based on quality and production parameters collected meticulously for many years, is Dayanımcı Project, which we launched in May 2018 and enables us to know the concrete strength (quality data) 28 days in advance. Excel-based version of the project was registered in July 2019 and Nuh Çimento obtained protection for the project name. In addition to the time investment we made to develop the algorithm for the Kaptan Project, which was officially launched by our General Manager in December 2019, we continue to make investments in other digitalization topics.

Project Objectives

Impacts on Product Quality

Common inconsistencies in product quality will be kept within a narrow band through this digital transformation project. Quality will improve as there will be less negative deviation from the target quality. The cost of production will also be reduced since there will be less positive deviation from the target quality. This impact will be able to be measured based on the reduction in standard deviation once the project is in daily use.

Impacts on Energy Efficiency

When the project is ready for regular use, we will be able to save energy by reducing specific surface area values in the range of 100-300 points in line with the target.

Impacts on Emissions

A simulation feature will be added to the project and the changes in the key indicators of production and quality based on input data will be simulated. The simulation will be used to estimate emission values, for example by applying similar days comparison method, so that possible values could be estimated in advance.

Our Works in 2021 and Their Results

In addition to estimate the 28-day concrete compressive strength quality, the software now allows to estimate the 7-day strength quality of the products. Python version of Dayanımcı Software was also configured as an independent software. This fastest running version of Dayanımcı is identified as Version 4.0. The Excel-based version of the software before Python was split into three versions. These versions were updated step by step each as a separate software, taking into account the criteria such as the ability to look at the data from a broad perspective, to analyze the inputs which have effect on estimations, to provide ease of use, and to perform simulations. User manuals were prepared for quick installations.

Initially operated for CEM I 42.5 R, Dayanımcı Software is now being adapted for new products such as CEM II AS and BS. While the aim of the application in CEM I 42.5R was to identify the 28-day and 7-day strength results, the objective of this new study will be to identify which input affects the 28-day strength value and how much.

Plans for the Future

- Add application feature to Kaptan to use the software to find optimum points or for training purposes.
- Make Kaptan available as an application on different platforms
- Improve Kaptan Software to conduct retrospective consistency and health checks on the data used by it. Improve data pool quality.
- Examine specific energy consumption parameters as well as quality and production parameters.



Kaptan Project is scheduled to be completed by 29.10.2023.

07

OUR SOCIAL PERFORMANCE

At Nuh Çimento, the most important aspects of our social performance are the health and safety of our employees, their development and long-term retention of talented employees. Our accident frequency rate decreased by %1 in 2021 compared to the previous year, and we continued to support the development of our employees mainly with online trainings.

We obtained Great Place To Work Certificate in 2021, with our exemplary Human Resources practices.



Occupational Health and Safety

Our Goal

Reduce the fatal accident frequency rate

Achieved in 2021

5%

Target for 2022

0%

We operate in a sector where the risks of occupational accidents are high. Our most important responsibility and priority in all our clinker and cement production operations is to protect the health of our employees and to ensure their safety. This is because approximately 60% of our blue-collar site team of around 200 employees perform works involving confined spaces, hot works, excavation and working at heights.

We carry out Occupational Health and Safety (OH&S) management in accordance with our OHS Policy which prepared within the scope of integrated management systems and approved by our General Manager.

With the TS-45001 Occupational Health and Safety Management System, our aim is to ensure that our employees internalize the principle of "The Safety of My Job Starts With Me!" by working towards the infrastructure, certification and practices accepted globally and to achieve our zero accident target by eliminating unsafe conditions in the workplace. During this reporting period, no fatal accidents occurred at our facilities and no occupational diseases were detected. We reduced our accident frequency rate by 1%.

OH&S Risk Management

With a team of employees at various levels including workers, representatives, and unit supervisors, who have been trained both within the scope of TS-45001 Management system and pursuant to the Occupational Health and Safety Law no. 6331, we identify routine and non-routine risks in detail in accordance with the Risk Assessment Procedure. In accordance with the hierarchy of controls, we review all controls from eliminating the risk at the source, trying less risky options, engineering measures and use of personal protector equipment respectively. We continuously improve the system with the lessons we learned from incidents such as accidents and near misses and with information we obtained through risk notifications and audits.

OH&S Committees

One of the most important parts of the TS-45001 management system is employee participation. All employees feel that they are part of occupational safety by reporting safety hazards concerns and nonconformities they witness in the workplace through the system established for this purpose. We also inform them about the actions taken and monitor the same. By taking part in committees such as Emergency Committees, Risk Analysis Teams and OH&S Coaches, employees may submit their ideas and proposals to senior management without any hierarchy limit and actively take part in the decision-making processes. The procedures that include our understanding of safety have been prepared with the participation of employees involved in production, maintenance and all field activities.

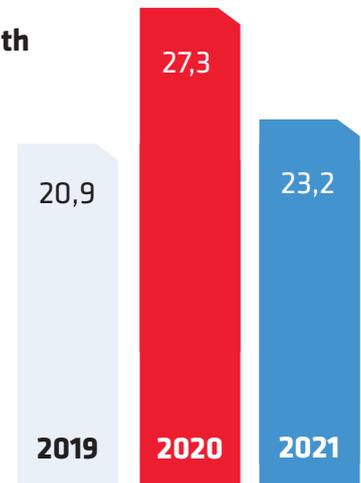
Agreements we made with unions also cover OH&S issues such as use of personal protective equipment and not working in risky conditions. We make performance reviews through external audits and the benchmarking we perform with the Cement Industry Employers' Association (ÇEİS).

Occupational Health and Safety Trainings

The first key point in protecting our employees is to raise their awareness. We provide compulsory hands-on OH&S trainings at the training center of the Cement Industry Employers' Union (ÇEİS) using high-technology. We provide training to our employees on a wide range of topics, including working in confined spaces, Lock, Tag, Clear, Try (EKED), incident investigation, emergency response trainings and employee representative trainings. We monitor the effectiveness of the trainings through measurements and continuously raise awareness and refresh knowledge through on-the-job talks and tea chats.

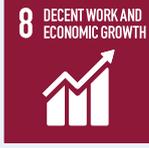
Our Occupational Health and Safety Trainings

Employee/Hour



Occupational Health Services

The occupational health function is fulfilled by our occupational medicine department. The occupational medicine department has responsibilities within the scope of risk analysis and work plans, system instructions and procedures. It continuously monitors the physical fitness of employees by conducting periodic examinations during accident investigation and upon their return to work after a workplace accident. Our occupational medicine department provides 24/7 services. It also performs an important function in the system in emergency situations and first aid responses.



OH&S Engineers Project

In Nuh Çimento, we prepared a special training program for occupational health and safety engineer groups in order them to:

- understand the root causes of accidents / incidents and proactively develop analytical solutions to eliminate them,
- reinforce their works and contributions in OH&S areas through activities and practices; and
- gain the necessary competencies to become a “Leader” and “Manager of the Future” in the OH&S area.

The topics addressed in the training program include:

- Assessing and controlling risks,
- Responsibility awareness and safety concepts for common hazards in the workplace,
- Accident investigations,
- Legal concepts,
- Providing definitions and information about incidents / accidents, near misses which have occurred,
- Post-incident emergency communications, implementation of plans, and incident scene management,
- Selection of investigation team, evidence collection, attention in interviews, facilitating apparent causes and root causes,
- Drafting an Incident / Accident investigation report,
- OH&S Leadership definition,
- The concept of “Manager of the Future” in the OH&S area,
- Understanding the “Leadership” distinction in the OH&S area,
- Being able to apply and reinforce behavioral “OHS Leadership” approach,
- Site audits and reporting.

Sonuçlar ve Kazanımlar

As a result of application of OHS principles from an engineer’s perspective in the workplace there has been a significant reduction in occupational accidents. Lost days and equipment losses caused by work accidents have also decreased.



Our People

Our Goal

Prevent high employee turnover rate

Achieved in 2021

7,64%

Target for 2022

Maximum 7%

At Nuh Çimento, we analyze human resources planning in the most effective way and place the right candidates in appropriate positions according to competency and qualification criteria. We strengthen our employee loyalty targets by conducting our recruitment and career management processes based on our values of transparency, equal opportunity and inclusiveness.

All of our employees are full-time employees. The number of our employees covered by collective labor agreements constitutes 66 percent of our total employees. We do not carry out any operations that jeopardize the collective bargaining rights of our employees. There are no employees working for minimum wage or below minimum wage in our company. The wages of our employees vary according to the groups specified in the collective agreement. (GRI 102-41)

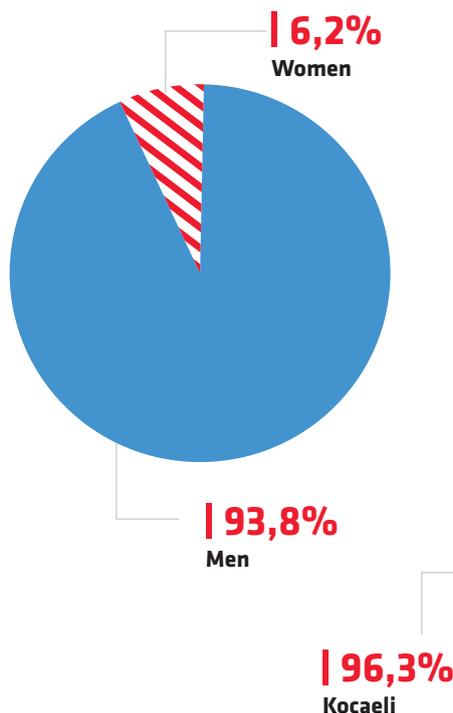
Employee Turnover (%)



In 2021, we speed up the digitalization of human resources processes. The digital transformation process, which started in 2020 with Covid-19 becoming a part of our lives, increasingly continued in 2021. Accordingly, we have established company-specific digital human resources platforms for job interviews, interviews, competence-based assessments and documentation processes. Thus, we ensured that employment processes are more effective, efficient, and fast, and as Human Resources department, we made evaluations on the health problems, professional competencies, staffing norms, occupational accidents, retirement status and also development and performance of our field personnel. We planned for staff promotions, job changes, retirement preparations, successions, terminations, and new hires.

In addition to private health insurance for all white-collar employees in our group companies, we also take out employer's liability insurance for all our employees to provide coverage for possible occupational accidents. In the reporting period, three of our women employees who took maternity leave returned to their jobs after their leave ended. While 31 percent of our senior executives are employed from the local community, the rest of our executives reside in Istanbul.

Our Employees by Gender



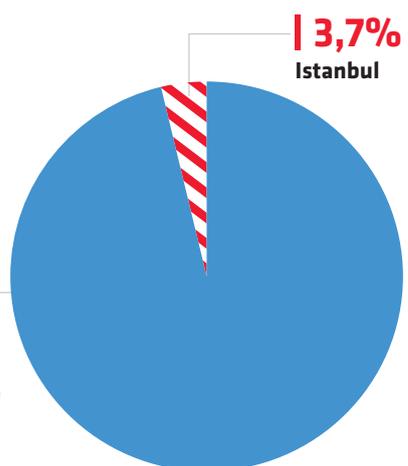
Employee Loyalty

We create various programs to ensure employee loyalty within Nuh Çimento Group. To this end, we aim to build a positive and constructive workplace environment and continuously improve employee performance, social interaction, a happy and healthy working environment and talent development. We support the alignment of employees' development goals with the overall vision of the company.

In this context, as a result of the evaluations made within the framework of Employee Survey and Culture Brief Survey conducted by Great Place To Work® with the participation of Nuh Çimento employees and in which our current corporate culture was measured, we obtained the Great Place To Work® certificate and became one of the best employers in Türkiye.

In addition, we participated in the Corporate Culture Project conducted by the European University Institute and Kadir Has University to measure the social skills, social and professional communication networks, internal climate and leadership quality perception of our employees. By obtaining international certifications and getting involved in scientific projects, we make target-oriented measurements and build a solid and sustainable employer brand.

Employees by Location



Healthy Living Ambassadors

We designed the Healthy Living Ambassadors Project in 2021, as a wellness program that all our employees can benefit from. We launched the project, which consists of the “Eat Healthy, Stay Healthy”, “Post-Covid-19 Check-Up” and “Examination on Site, Health at Work” practices, to ensure and protect the holistic well-being of Nuh Çimento Group employees.

The periodic examinations, which revealed that some of our employees had high body mass index values and accompanying diseases such as blood pressure, cardiovascular disease and diabetes, created an important awareness due to the ongoing pandemic period we are in. Ensuring physical, mental and emotional health of our employees became our most important priority. Our first program we implemented in the scope of the project, which we created with the aim of being better and living better together, was “Eat Healthy, Stay Healthy”. A total of 9,469 sessions were held in 2021 in the program, where 269 employees from our group companies continued to receive active support.

In the “Post-Covid-19 Check-Up” program we implemented under the same project, 541 employees from our group companies received support. Our employees had to undergo additional examinations in cases where our occupational physician deemed it necessary.

The last program we implemented under the project was “Examination on Site, Health at Work” and it was participated by 151 employees from our group companies. The participation of our employees was high in all three programs organized within the scope of our Healthy Life Ambassadors project, which aims to maintain in-house well-being and fitness.



Training and Development

Our Goal

Increase the hours of training per employee

Achieved in 2021

40 Hours

Target for 2022

Minimum 36 Hours

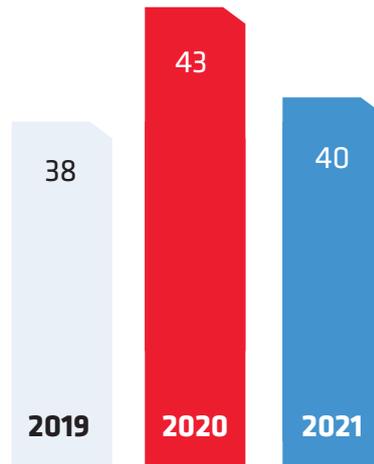
At Nuh Çimento Group, we plan our training and development activities in line with corporate values, functional competencies and managerial competencies. To this end, we organized lots of activities based on learning and development such as seminars, conferences, workshops, sector-specific trainings 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 loyalty. These face-to-face and online activities are designed to be compatible with the digital world.

In 2021, we provided a total of 27,711 hours of training to our employees through collaborations with universities, master's degree programs and certificate programs, including e-learning trainings. Our digital trainings, which increased in the pandemic period, were carried out in 43 different areas and reached a total of 10,422 hours.

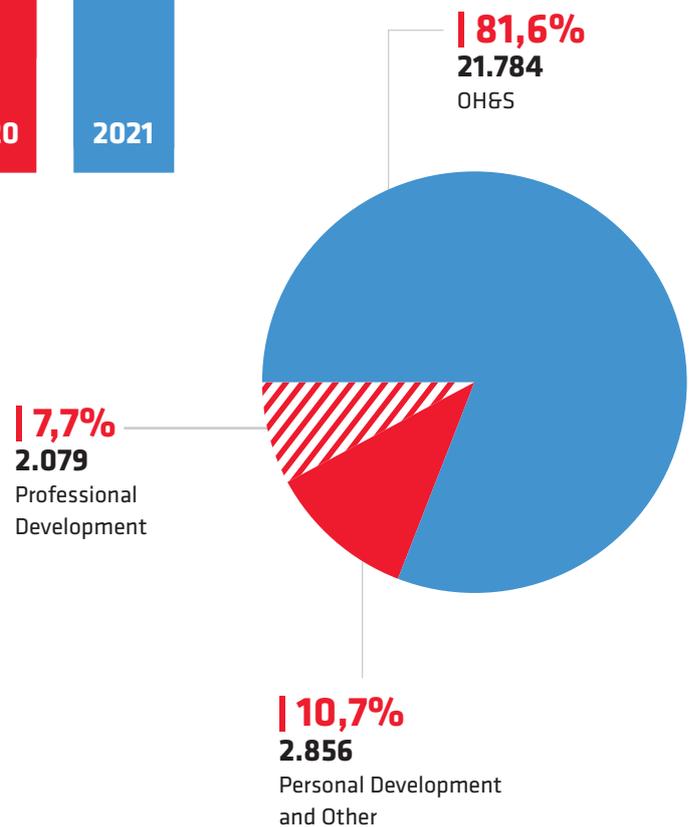


Our Training Investments

All employees



All Trainings





Digitalization in Training

At Nuh Çimento, we offer digital learning experience to our employees as a requirement of the digitalizing world. By supporting talent development in our corporate culture through digital trainings, we aim to provide our employees with new world skills and to achieve a dynamic training structure. We aim to improve the time management and increase the employee participation by gradually digitalize mandatory in-company courses that every employee must receive (e-learning).

In 2021, we continued our efforts and organized a total of 43 different digital courses with a wide range of content such as personal development, intrafamily communication, leadership courses, department-specific courses, and health courses. We supported the changing training and development needs of our employees with a total of 10,422 hours of training we provided.

For this purpose, we carried out OH&S Trainings and trainings on the Law on the Protection of Personal Data online through the training tablets we provided to our blue-collar employees. In 2021, we also organized a total of 14 webinars in different categories for our employees and their families within the scope of digital learning.



08

OUR ENVIRONMENTAL PERFORMANCE

At Nuh Çimento, ensuring environmental sustainability is the key element of our daily activities and decision-makings. While our priority is the compliance with the environmental legislation, energy efficiency and recovery, alternative raw material and fuel use as well as water, waste and biodiversity management are also issues of strategic importance for our company.

In the SUSZ'21 Social Compliance and Sustainability Summit, Nuh Çimento was awarded in the Inspiring Corporate Sustainability Practices category.



Our investments

In Nuh Çimento, we manage all our environmental priorities especially according to the relevant legislation and within the scope of our ISO 14001 Environmental Management System and Policy. In 2021, we allocated a budget of TL 19.4 million for operating expenses of environmental activities and for other environmental protection investments. While our total environmental expenditures more than doubled compared to the previous year, of which the biggest share of this increase was expenditures for emission reduction efforts with 50%.

We were not imposed any penalties in the reporting period for non-compliance with the environmental laws and regulations.

Site Audit Reports Related to Environmental Impacts

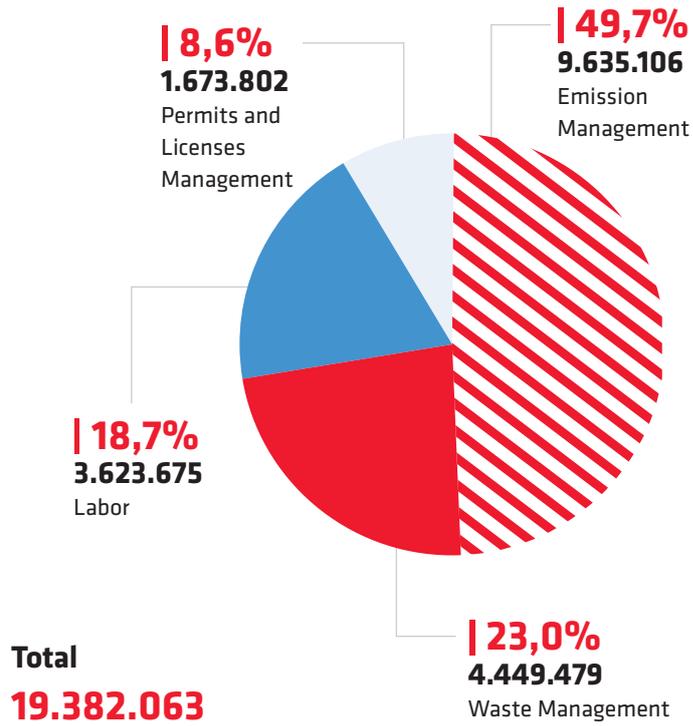
We continued to monitor our environmental impacts of our operations in 2021 as well. In the reporting period, we completed 58 site audits regarding the identification and management of environmental impacts in the divisions throughout our factory, and we completed our actions for the reported areas of improvement.

Our Preparations for Extreme Weather Conditions and Possible Disasters

Nuh Çimento's plants are surrounded by forests. In case of a fire, the company's construction equipment and water trucks will be able to be quickly deployed in cases where fire sprinkler systems will not be sufficient.

According to data of Directorate General for State Hydraulic Works (DSİ), average per capita water availability in Türkiye is 1,519 m³/year. Our reverse osmosis facility with a capacity of 3,650,000 m³/year has the capacity to produce clean water for the use of approximately 2,500 people annually. Having a facility of this size in the region is a social advantage. In the event of a natural disaster, etc. in the vicinity of our facility, which is located in the earthquake zone, we have the opportunity to supply a significant amount of drinking and utility water to the region thanks to the full capacity operation of our facility in case of need.

Our Environmental Expenditures (TL)



Climate Change and Energy Management

Our Goal

Reduce the greenhouse gases generated by production

Achieved in 2021

845 kg

Target for 2022

Maximum 840 kg

At Nuh Çimento, we turn to low-carbon energy sources for combating climate change, cleaner air and a cleaner environment. In 2021, 26% of the electricity we used came from renewable energy sources.

Sources of Greenhouse Gas Emission in Cement Production

In the cement industry, our goal in terms of protection of the environment is to reduce greenhouse gas emissions arising from our operations, starting from furnaces to packaging and transportation of products. Decarbonization (cooking) of raw materials accounts for 50% of the greenhouse gases emitted during production, fossil fuel combustion for 40%, and electricity consumption and transportation for 10%.

At Nuh Çimento, we had determined, and started to work on, our greenhouse gas reduction targets well before the country strategies were finalized.

The most important ones of these efforts are as follows:

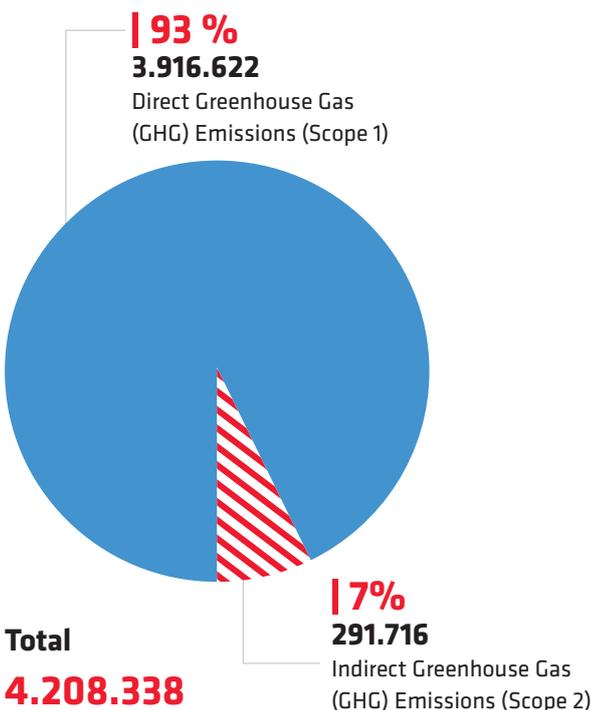
- Production of products with low clinker content
- Renewable energy generation and utilization with Waste Heat Recovery (WHR) Plant and Hydroelectric Power Plant (HPP)
- Reducing specific energy consumption with efficiency projects.

Greenhouse Gas Monitoring and Verification

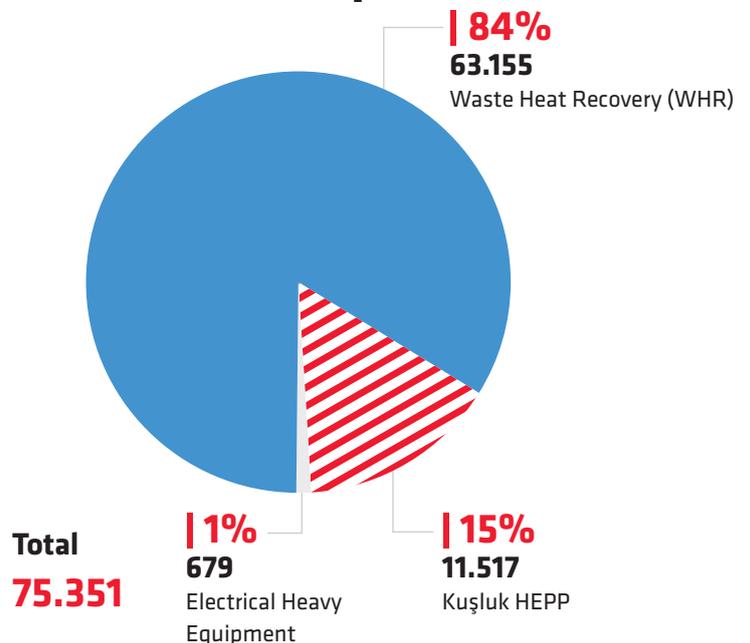
We calculate our emissions in accordance with the Regulation on Monitoring of Greenhouse Gas Emissions and the Communiqué on Monitoring and Reporting of Greenhouse Gas Emissions. The data of the three main process flue gas in our factory are continuously monitored by the continuous measurement system connected online to the Ministry of Environment, Urbanization and Climate Change, and controlled by the legal authority. These flues operate with an average emission of 3 to 17 mg/Nm³, which is well below the European standards of 50 mg/ Nm³ upper limit. Our data on flue gas emissions are given in the section of [Performance Indicators Tables](#) of our report.

In Nuh Çimento, carbon emission analyses for all fuel and raw materials as well as carbon emission coefficient analyses for fuels are carried out by accredited institutions such as the R&D Laboratory of Turkish Cement Industrialists Association (TÇMB). Weighbridge data and emission calculations are also verified by accredited institutions.

Greenhouse Gas Emissions from Our Operations (t CO₂e)



Greenhouse Gas Reduction from Our Operations (t CO₂e)





Energy Management

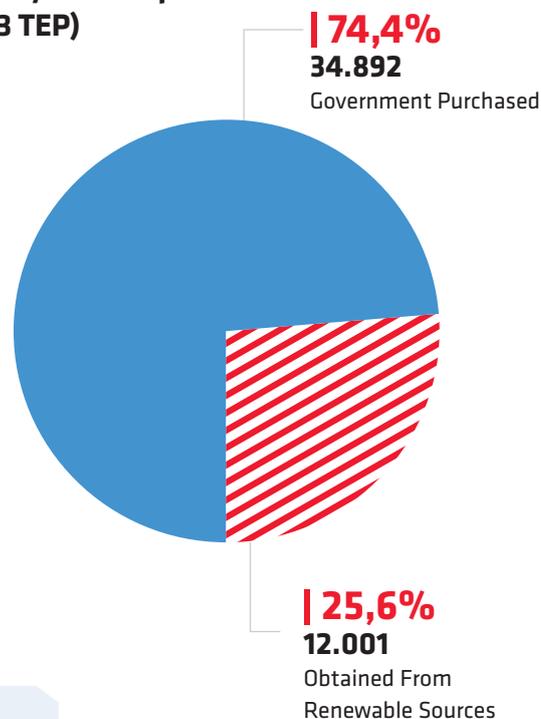
We operate in an energy-intensive sector and in a country which is over 70 percent dependent on imported energy to meet its consumption needs. As the largest cost item of the cement sector, energy represents approximately 60% of the operating costs. Approximately 110 kWh of electricity and 3 to 4 GJ of fuel energy is needed to produce one ton of cement.

It is our top environmental responsibilities to use energy efficiently and to prioritize the usage of environment-friendly energy sources without compromising cement/clinker production quality, production quantity, and most importantly, occupational safety.

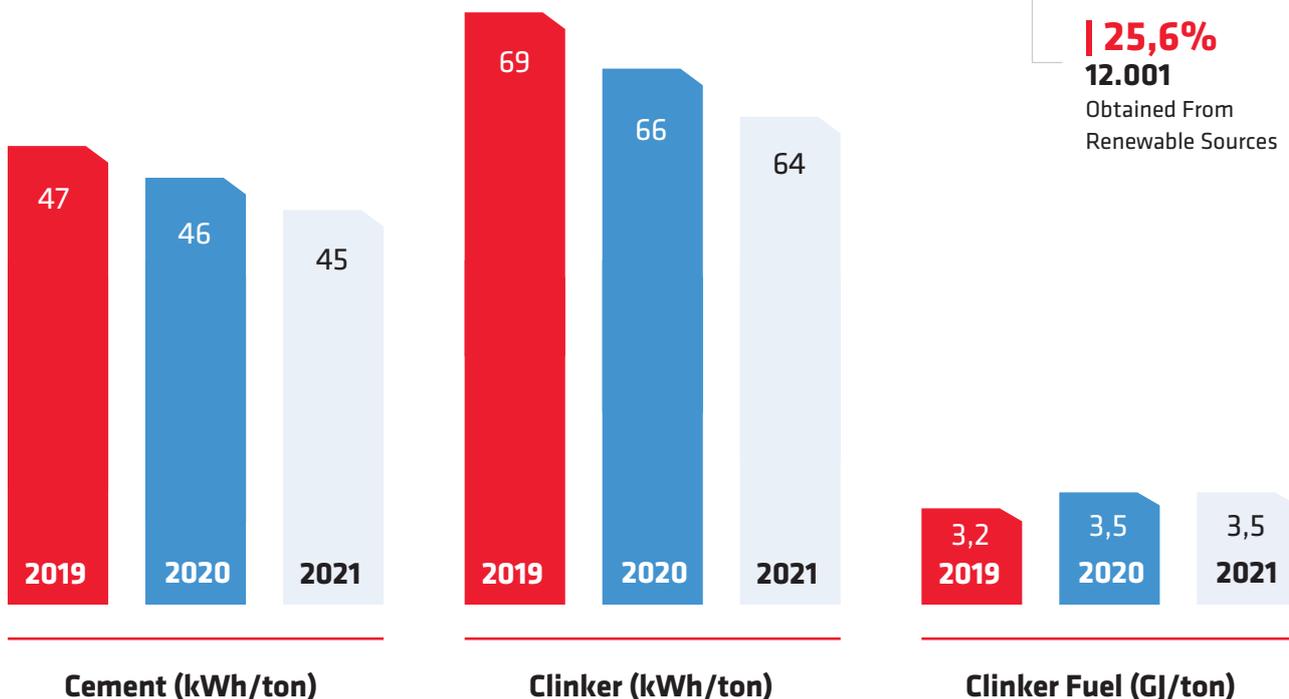
Our goals within the scope of our Energy Management System Policy are as follows:

- To ensure compliance with relevant laws,
- To monitor and reduce energy consumption,
- To increase energy efficiency,
- To reduce greenhouse gas emissions, and
- To raise energy awareness among our employees.

Electricity Consumption (46.893 TEP)



Energy Intensity



We Continued Our Investments to Combat Climate Change in 2021

More Energy Efficient Production Through Furnace Modernization

In April 2021, the modernization of the No. 2 rotary furnace was completed and the furnace was commissioned. Following this investment, clinker cooling outlet temperature decreased, average furnace production flow rate increased, and specific fuel consumption decreased due to increase in cooling efficiency.

Energy Related Investments Planned for 2022

- 1- Alternative fuel preparation
- 2- Alternative fuel feeding and burning system
- 3- 2 Wind Power Plant investments
- 4- Conversion of rock trucks to battery electric

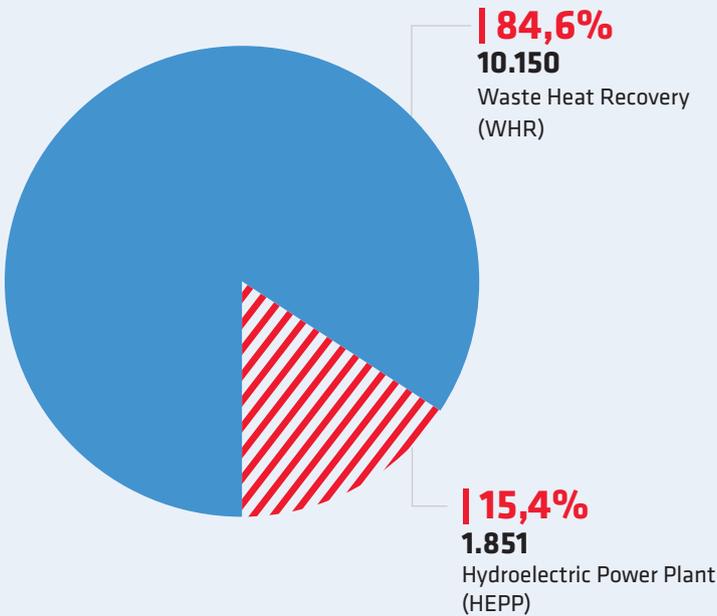


Renewable Energy Generation

Electricity Generation From Waste Heat Waste Heat Recovery (WHR) Facility

In our Waste Heat Recovery (WHR) Facility with a capacity of 18 MWh, which is still the largest facility in our country since it was built in 2013, waste heat discharged from fuels due to the process is converted into steam energy with the new boilers installed, and the steam energy is converted into electrical energy through the steam turbine. This facility, which meets approximately 17% of our electricity needs at the factory site, does not require fossil fuels such as coal etc., and does not produce dust or combustion gas emissions. We save the water and electric energy used to cool hundreds of degree Celsius of gases released into atmosphere before the facility was built, and ensure that the gases are released into the atmosphere cooler.

Breakdown of Our Renewable Energy Sources (12,001 TEP)



In 2021, we achieved the highest energy recovery from 2014 up until today in our WHR Facility. By breaking a record with the gross energy of 124,767,494 kWh that we generated, we reached an electricity generation value of 26.9 kWh/ton per ton of clinker.

Bangal Regulator and Kuşluk HEPP

Bangal Regulator and Kuşluk Hydroelectric Power Plant with an installed capacity of 17 MW, built by Kudret Enerji Elektrik Üretim A.Ş. and commissioned in 2012, was first transferred to Nuh Enerji Elektrik Üretim A.Ş. and then to Nuh Çimento A.Ş. in 2018. In 2021, we offered 21,527,338 kWh of electricity we generated through the state grid and prevented 11,517 tons of greenhouse gas emission.

In 2021, thanks to a total of approximately 140 million kWh of electricity generated at WHR and HEPP facilities, we prevented the production of 75 thousand tons of CO₂e that would otherwise be released into the atmosphere to generate electricity that would be supplied from the grid, and we also saved approximately 71 million TL.



| Renewable Energy Generation (WHR and HEPP) | 2021 |
|--|-------------|
| Electricity (kWh) | 139.573.550 |
| Cost of Electricity Not Purchased (Savings in TL) | 71.182.511 |
| Amount of Greenhouse Gas Avoided (ton CO ₂ e) | 74.672 |



Our Performance in Reducing Our Carbon Footprint With Environment-Friendly Products

Nuh Çimento, in line with its sustainability strategy, is a company with a high environmental sensitivity which carries out its operations in accordance with its carbon reduction targets and adopts a zero waste target.

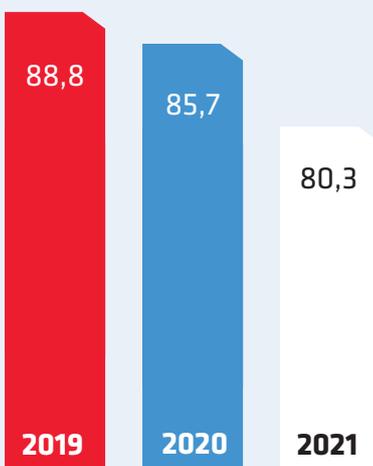
Greenhouse gases account for the largest share of emissions in cement production. As a result of our R&D and product development efforts started in 2018 and continued in 2019, we developed environment-friendly products with a low carbon footprint and high strength due to their low clinker content.

We have completed the research and feasibility studies for the use of CaF₂ (calcium fluoride), which is briefly defined as a mineralizer that reduces the heat energy required for clinkerization reactions in rotary furnaces, the main source of greenhouse gas CO₂ emissions in the cement industry, and we launched our products with low carbon footprint to market.

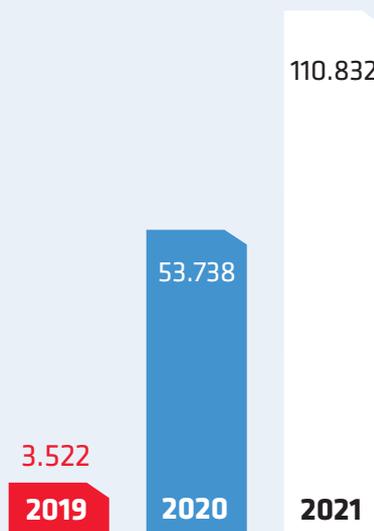
In 2021, with our blended cement and ground granulated blast furnace slag sales in domestic and international markets, we saved a total of 290,148 tons of clinker and reduced our carbon footprint by 244,885 tons. We achieved 38% of this footprint reduction in the domestic market.

In 2021, we reduced our carbon footprint by 93,653 tons, thanks to the 110,832 tons of clinker saving we achieved by increasing the amount of blended cement and reducing our clinker content in cement by 5.4% in our domestic market sales, where we manage our sales preferences more effectively compared to the international markets where we contract manufacturing.

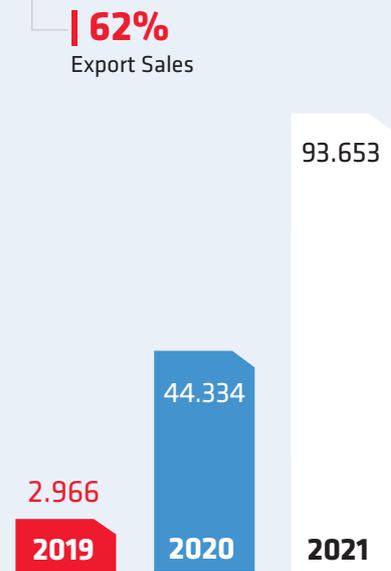
Turkey Sales Carbon Footprint Reduction Performance



Clinker Content in Cement (%)

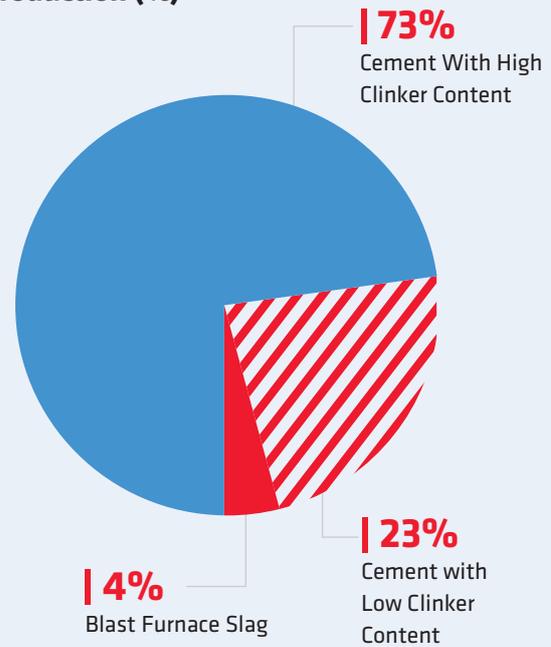


Clinker Savings (ton/year)

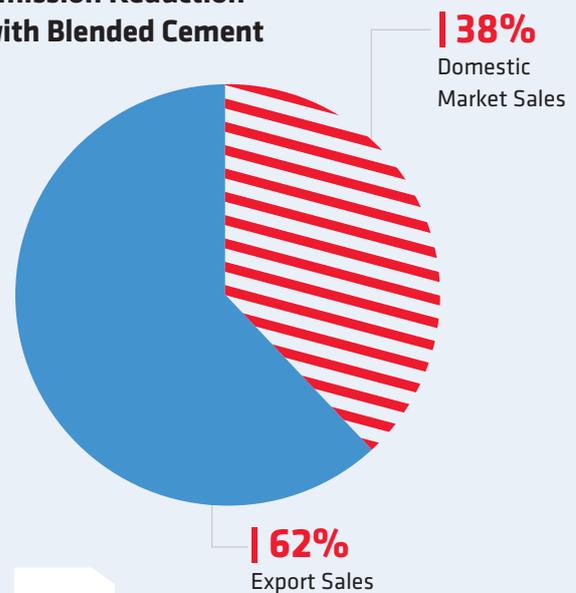


Reduction in Carbon Footprint (ton/year)

Share in Total Production (%)

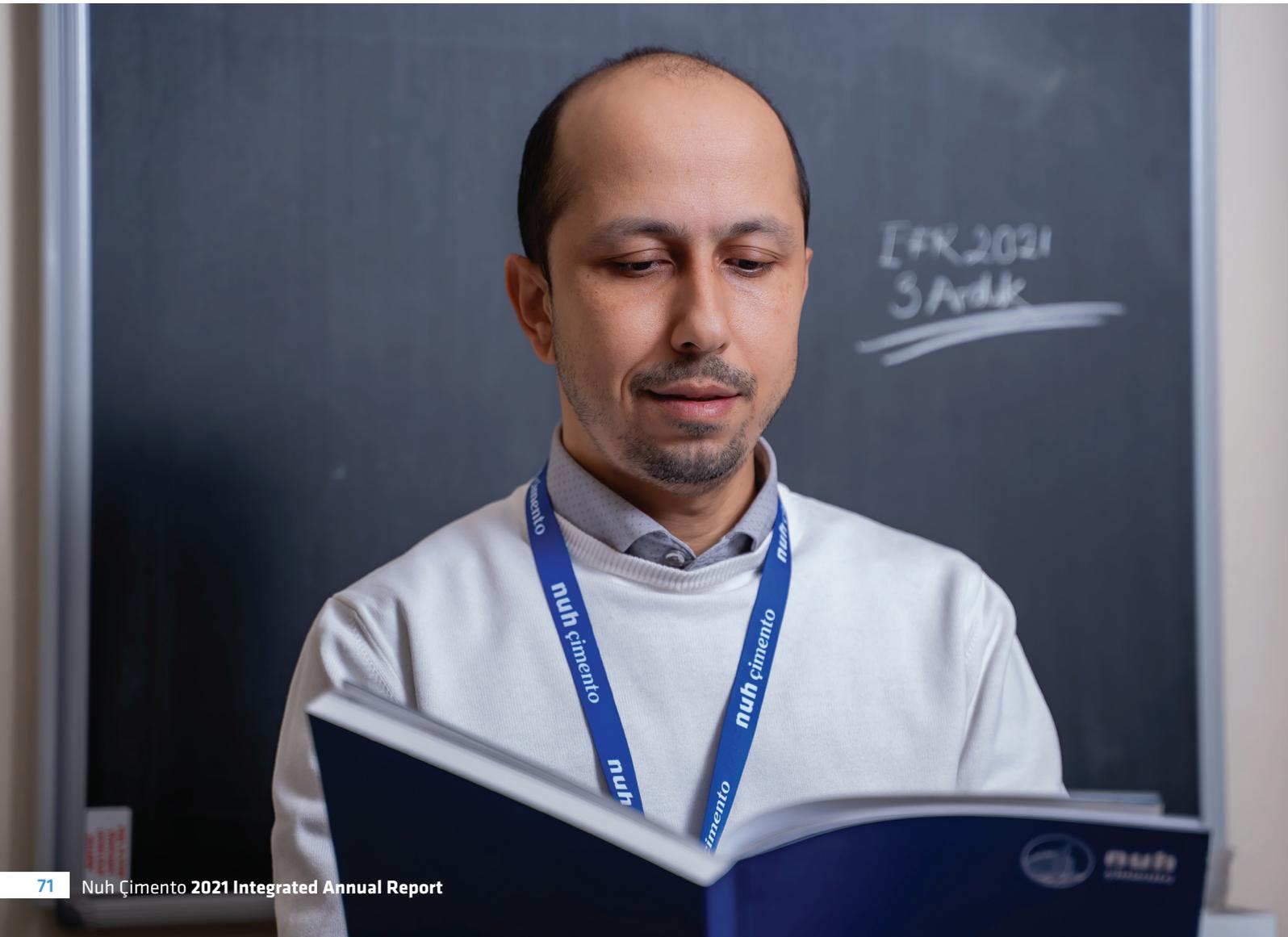
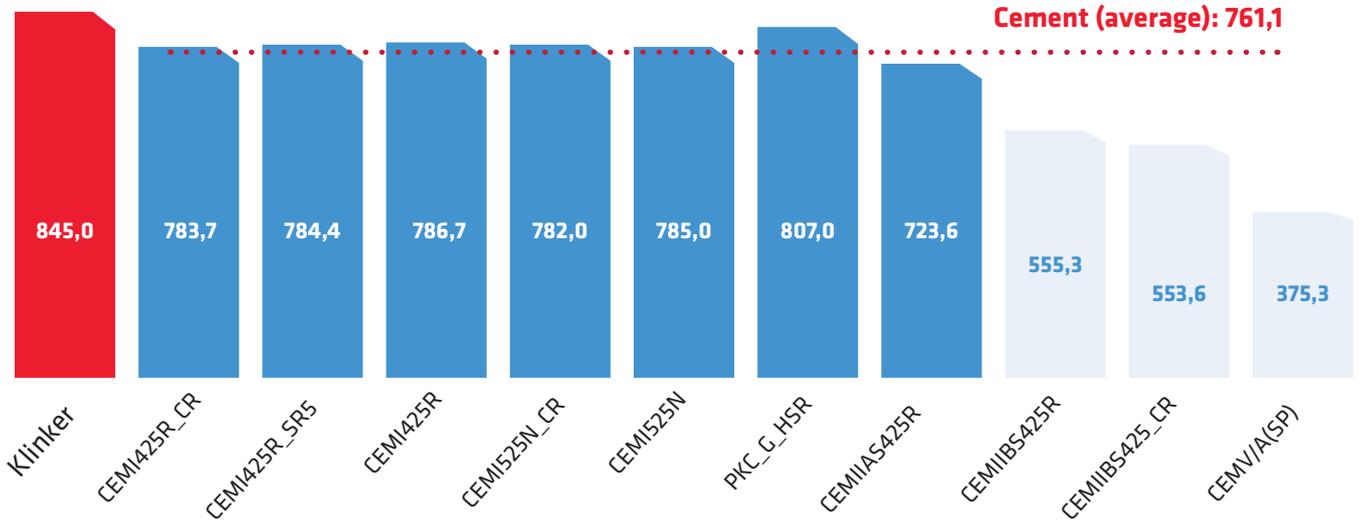


Emission Reduction with Blended Cement



Greenhouse Gas Generated Per Product (kg CO₂/ton)

We continue our measurement and monitoring activities, which is the most important step in carbon reduction efforts, across our entire product range. The greenhouse gas generated per ton of product we produce is shown in kg CO₂/ton in the table below.



The Project for Conversion of Construction Equipment Used in Raw Material Production From Diesel Into Electric

Çimnak, a subsidiary of Nuh Çimento, supplies to the cement factory daily 20,000 tons of raw materials required for the cement production with its raw material extraction, drilling and loading vehicles. Construction equipment used in raw material quarries consumes more than two million liters of diesel fuel in a year. Diesel fuel is the most important cost item in raw material quarries, as well as a significant source of CO₂ emissions.

In order to reduce these emissions and also fuel and maintenance costs, two years of engineering work resulted in the conversion of a total of nine construction equipment working in loading at the raw material quarries to electric in the 2018-2021 period, four of them converted in 2021.

10. We are in the process of converting our excavator to electric power.

Our three goals in converting construction equipment into electric vehicles were:

1. To completely eliminate diesel fuel consumption in all the construction equipment used in raw material quarries,
2. To ensure that the project can pay for itself in a short period of time without receiving any state subsidy,
3. To carry out the conversion project without changing long-standing quarry operating habits.

Business Efficiency

A possible loss of efficiency was the greatest concern among both the operators and our colleagues in the technical team. While plans were being made to scrap a machine that could not be operated due to its very low performance and engine efficiency, it was converted to electric power and gained a new machine performance. There was no loss of efficiency in the excavators converted to electric compared to running on diesel fuel, and the data measured were almost identical. The performance of the other construction equipment did not decrease under their previous performance when running on diesel fuel. They operate very efficiently in terms of both their loading speed and their breakout force.



Energy Efficiency

The most exciting result of this project was the ability to calculate the energy consumed and the energy efficiency achieved. Previously we used 0.175 liters of diesel fuel to load one ton of raw material (marl). (This data is the average of annual consumption, and it represents an efficient operation. 0.175 liters of diesel fuel contains approximately 1.70 kWh of energy.)

We measured the electricity consumed by electric-powered construction equipment while loading one ton of marl, as 0.45 kWh. This figure includes perimeter lighting inside quarry and the loss of energy in cables. According to these data, in the operating conditions of the quarry, the diesel engine efficiency was only around 25%, while the electric-powered equipment operate with an efficiency of 95%. In short, we found that construction equipment powered by grid electricity consumed 3.8 times less energy compared to those operated by diesel fuel.

Fuel Saving

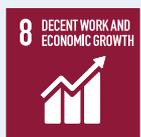
Diesel fuel savings exceeded 1.5 million liters as of October 2021. Monthly savings are around 80,000 liters. In addition to saving millions of Turkish Liras, annual savings will reach two million liters with the new equipment to be converted.

Emission rates of construction equipment decreased by 24% to 48%. In 2021, we prevented 679 tons of CO₂ from being released into the atmosphere thanks to our electric-powered equipment. The reduction in greenhouse gas emissions we achieved thanks to electric-powered equipment currently accounts for around 1% of our total reductions.

In order to increase this rate, our efforts for converting all the construction equipment used in quarries into electric power will continue in the upcoming period.

Low-Carbon Hero Çimnak

Çimnak Taşımacılık Limited Şirketi, a Nuh Çimento Group Company, with its Electrification in E-Çimnak Construction Equipment Project, was announced as one of the SÜT-D 2021 Low-Carbon Heroes at the award ceremony held at the end of 7th Istanbul Carbon E-Summit organized on September 28, 2021.



Material Management

At Nuh Çimento, we are a member of a sector which obtains its raw material through mining operations and by using natural resources, and uses intensive energy in production. We categorize the materials used as inputs of cement production as raw materials, auxiliary materials and fuels.

Our Goal

Increasing the use of waste as alternative raw material

Achieved in 2021

430.686 tons/year

Target for 2022

Minimum 375.000 tons/year

Raw Materials and Auxiliary Materials

In order to decrease the use of natural raw materials in our company, we continuously consider the alternative raw material sources from different sectors. We care about careful and reliable mining management and make optimum use of our quarry reserves by drilling. In order to ensure the continuity of our operations in the future, we explore alternative quarries and put them into service. We monitor our performance through certain indicators such as the use rate and breakdown of alternative raw material, CO₂ emission and quarry reserve life.

Our Goal

Increasing the use of waste as alternative fuel

Achieved in 2021

1,4%

Target for 2022

Minimum 1.5%

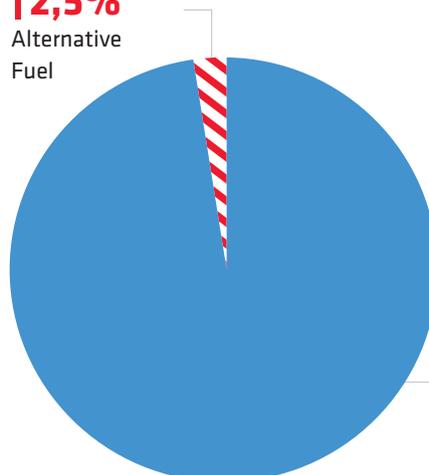
Fuels

Fuels and electric energy constitute a large part of the costs in our sector. This issue is therefore of critical importance for profitability and inventory costs, as well as continuity of production and emission control. We monitor our performance with those indicators such as alternative fuel use rate, specific electricity consumption and specific calorie consumption. Our goal is to contribute to the economy and to the environment by using energy and natural resources efficiently.

Our Waste Use (ton)

| 2,5%

Alternative Fuel



| 97,5%

Alternative Raw Material

Alternative Fuel and Alternative Raw Material Use

We use waste instead of primary raw materials and fuels to reduce the use of natural resources and greenhouse gases from fuels, as well as to reduce associated fuel and raw material costs. In 2021, within the scope of alternative fuel use, we obtained 1,4% of our total energy from fuels from waste. Our goal is to obtain 1,5% of the heat energy we use annually from waste, and to use at least 375 thousand tons of waste as raw material.

To this end, we conduct negotiations with companies about waste, follow up the legal processes and obtain the necessary permits. We analyze the incoming materials and prepare the waste usage prescriptions. By using appropriate wastes at the production phase, we reduce the amount of waste which has the potential of polluting the environment, and reduce our fuel and raw material costs. We aim to increase the amount of waste we use in the upcoming period by investing in new waste incineration and feeding systems.

Results and Achievements



Economic

Our net earnings from using alternative raw materials and alternative fuel amounted to TL 7.95 million in 2021.



Social

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



Environmental

We reduced our greenhouse gas emissions and consumption of natural resources by using waste instead of natural resources. In 2021, we recycled 441.5 thousand tons of waste into the economy within the scope of sustainability and energy recovery, while preventing carbon dioxide emissions equivalent to the CO₂ removed by approximately 1,34 million trees.

Alternative Fuel and Alternative Raw Material Use

| Raw Material Substituted By Waste | Alternative Natural Material | Substitution Rate in 2021 |
|--|---|---------------------------|
| Iron slag (Fe ₂ O ₃) | Fe ₂ O ₃ (alternative to iron silicate) | %64,57 |
| Grit (Fe ₂ O ₃) | | |
| Sludge with Iron Content (Fe ₂ O ₃) | | |
| Plaster waste (SO ₃) | SO ₃ (alternative to plaster) | %1,61 |
| Concrete waste | | |
| Brick waste | CaO (alternative to marl) | %1,80 |
| Bleaching earth | | |
| Drilling mud | | |
| Calcite | CaO (alternative to limestone) | 0,07% |
| Lime waste | | |
| Bottom ash | | |
| Sludge with aluminium content | Alternative to bauxite | %14,99 |
| Fly Ash | | |
| Scrap sanitary ware | | |



Water and Wastewater Management

Our Goal

Keeping the total amount of water used below a certain level

Achieved in 2021

1.743.324 m³/year

Target for 2022

Maximum
1.750.000 m³/year

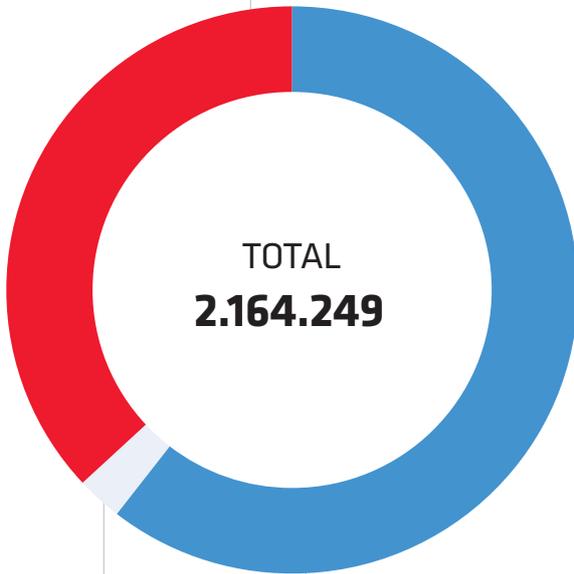
In the cement sector, water is used predominantly for cooling in the furnace process and in mills. In addition to this, it is used in crushers and dust collection throughout the site and naturally water needs of people. With our seawater treatment plant with ultra-filtration and reverse osmosis system, we turn the water we draw from the sea to drinking water.

We obtain approximately 61% of the water we use from Ulupınar Stream which is not used for fishery and agricultural purposes and directly flows into the sea. The amount of water we recover and reuse through our Sea Water Treatment Plant out of total water withdrawal is 37%. We have no water sources significantly affected by water withdrawal.

Water Withdrawal (m³/year)

| 802.836

Sea Water (Marmara Sea)*
Water withdrawal from the sea decreased by 28%.



| 45.907

Ground Water (Deep Wells)
decreased by 35% as a result of increased unit cost.

| 1.315.506

Ground Water (Deep Wells)
decreased by 35% as a result of increased unit cost.

Wastewater Discharge

The only water resource and natural habitat around the facility which may be affected by wastewater discharge is the Marmara Sea. This habitat is not within a national or international protected area. We do not generate process wastewater. We discharge some of the site water, surface water, and sewage water into the sea after treatment.

The Biology Department of Kocaeli University analyzed whether the process of withdrawing water from, and discharging water into, the sea in the course of our operations has any impact on biodiversity and aquatic life. For three years in a row, divers took images and samples from the sea bottom and examined them throughout the year. While 127 different species were identified as a result of surface water quality management and ecological status biological monitoring parameter analyses, the report revealed that the point where we withdraw water from and discharge it again into the sea is no different from the other points.

* Amounts obtained from our water production facility recovered by treating sea water with ultra filtration and reverse osmosis system.



Sustainable Water Project

At Nuh Çimento, the most important issue in terms of the environment, after the management of our carbon emissions, is the use of clean water resources.

Although we have legal permissions and licenses, we intend to continue our process with recycled water without using natural sources of groundwater, namely well water, which we can choose both in terms of cost and quality.

We treat sea water with reverse osmosis technology to meet part of our process water needs, and for the rest of it we use stream water after preconditioning.

Treatment of Site Wastewater and Use in Process

In 2021, we went one step further in these efforts and launched a project in order to collect, treat and reuse large amount of wastewater generated throughout the factory, and thus to save both water and energy.

Sustainable Water Project is an internal R&D work carried out jointly by Nuh Çimento's environmental department and maintenance department. Within the scope of this project, we first determined the water qualifications we need, and then made improvements in our physical treatment facility. By examining the processes where we can use wastewater we obtained, we aimed to increase these areas.

We reused 30% (approximately 64 thousand m³) of wastewater from the treatment facility in 2020 and 36% (approximately 82 thousand m³) in 2021 in units such as dedusting, irrigation and chlorization systems. In this way, we saved 300 thousand TL in water bills. We aim to increase this ratio in the coming years, by using it to feed the furnaces.

We Directly Serve to SDG 6 Sub-Targets!

With our sustainable water approach, the sub-targets we directly support under SDG 6: Clean Water and Sanitation are as follows.

6.3. To improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.

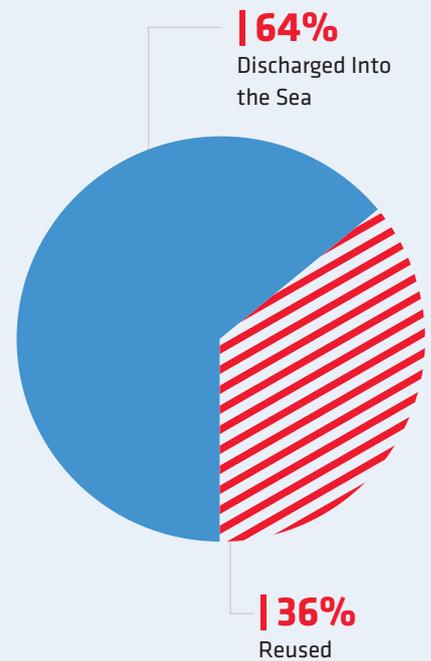
6.4. To substantially increase water usage effectiveness in all sectors, and to ensure sustainable supply of freshwater to address water scarcity.

Our Plans for the Future

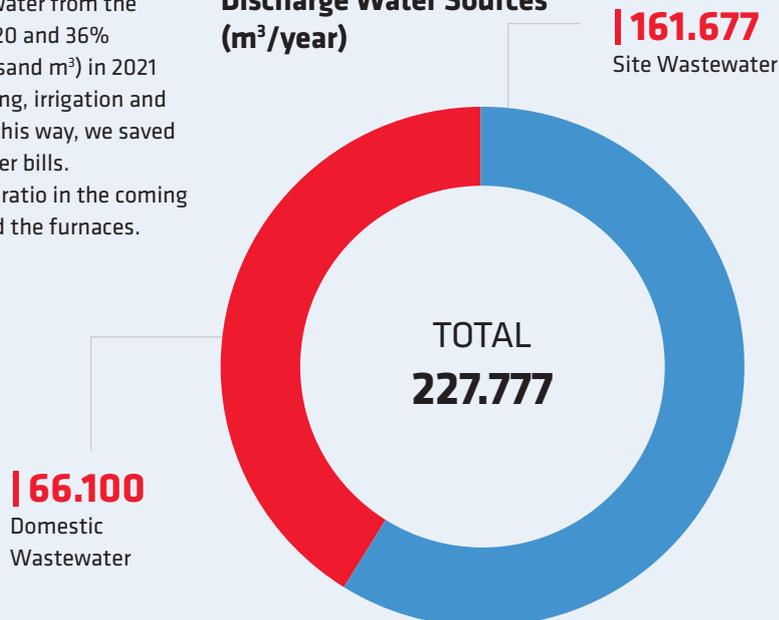
We aim, by increasing the wastewater reuse volume within Nuh Çimento, to reuse our wastewater by 90% in 2023 and 100% in 2025. Thereafter, we will obtain a corporate academic report with this project, convert it into discharge exemption, and position Nuh Çimento as a zero wastewater company.

As a support project for this project, we have planned to collect rainwater throughout the factory in a healthy way and utilize it as cooling water in our clinker production process after the necessary chemical and physical treatment works are carried out. With this project, which we will easily integrate into our Sustainable Water Management approach, we will support the reduction of the use of clean water sources as process water.

Treatment Facility Discharge and Reuse



Treatment Facility Discharge Water Sources (m³/year)



Waste Management

Our Goal

Ensure that waste generated is sent for recovery instead of disposal

Achieved in 2021

90%

Target for 2022

Minimum 90%

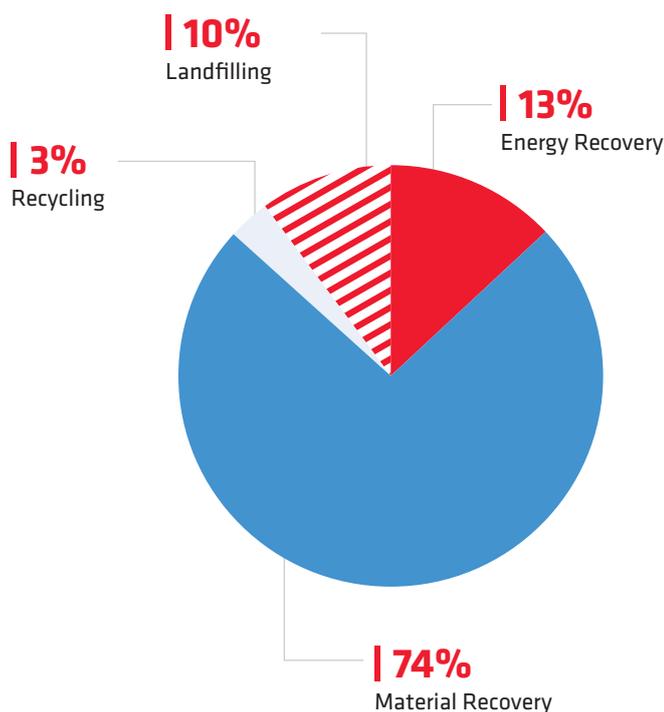
After greenhouse gas, the most important waste in the cement industry generated at almost every stage of production processes is the dust waste. The amount of liquid wastes in the total waste is very low, since most of the water used is evaporated and discharged through the flue in the process. Other solid and liquid waste is generated during maintenance works in workshops, tea rooms and assembly areas. Of the liquid wastes, only waste oils are collected by the oil maintenance personnel during maintenance.

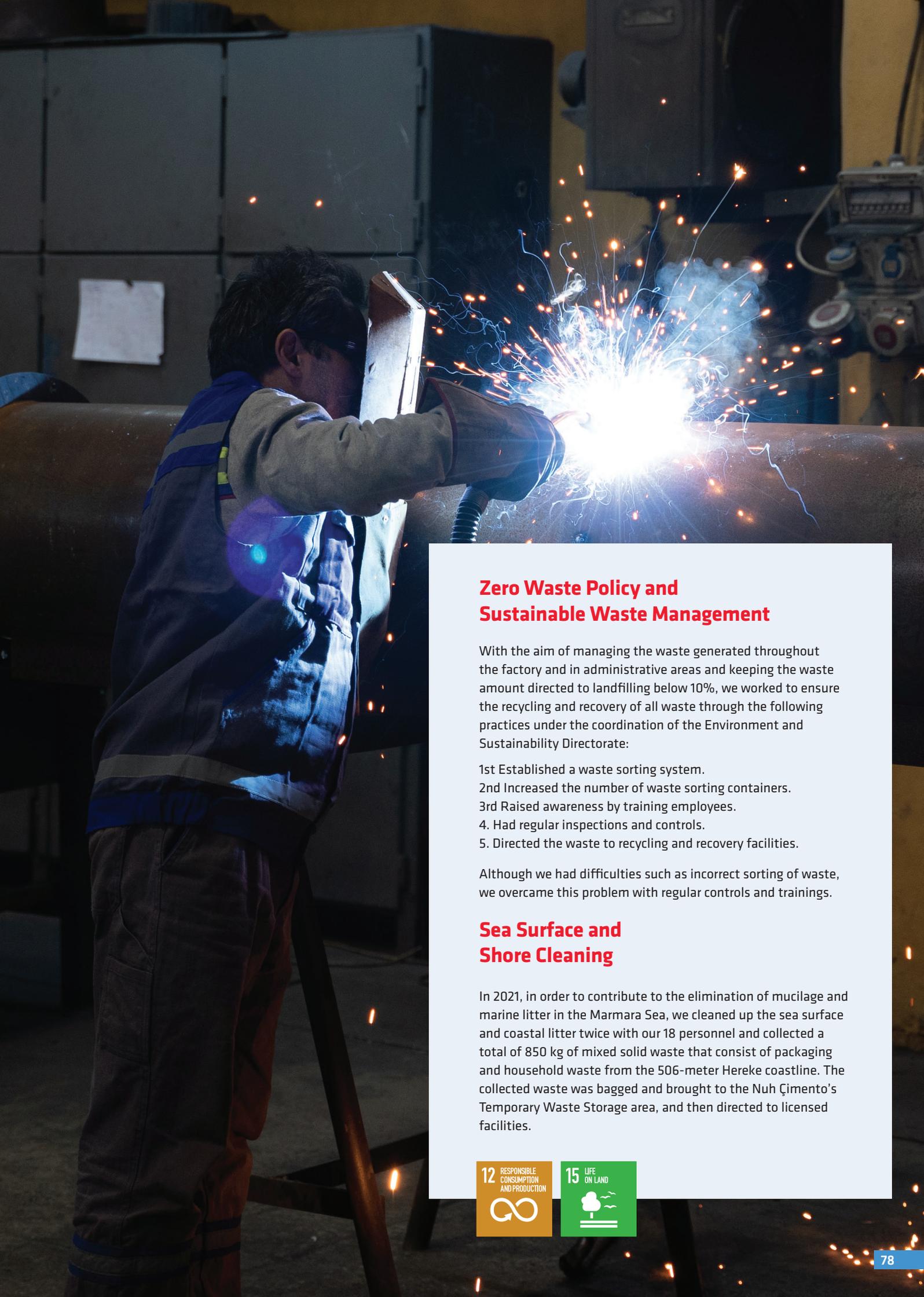
In the cement industry, discarded products as waste can be added to the product at the previous or the next process stage. Thus, waste arising from the process can be recycled before being generated. At Nuh Çimento facilities, we dispose of our wastes through various methods such as energy recovery, material recovery, recycling and landfilling. In line with our zero waste policy, we aim to eliminate all waste products generated in a way that does not harm the environment. We ensure the sustainability of 90% of our waste through material/energy recovery and recycling methods, and dispose of the remaining 10% in accordance with the relevant legislation.

Total Waste by Type (Ton)



Total Waste by Disposal Method (Tons)





Zero Waste Policy and Sustainable Waste Management

With the aim of managing the waste generated throughout the factory and in administrative areas and keeping the waste amount directed to landfilling below 10%, we worked to ensure the recycling and recovery of all waste through the following practices under the coordination of the Environment and Sustainability Directorate:

- 1st Established a waste sorting system.
- 2nd Increased the number of waste sorting containers.
- 3rd Raised awareness by training employees.
4. Had regular inspections and controls.
5. Directed the waste to recycling and recovery facilities.

Although we had difficulties such as incorrect sorting of waste, we overcame this problem with regular controls and trainings.

Sea Surface and Shore Cleaning

In 2021, in order to contribute to the elimination of mucilage and marine litter in the Marmara Sea, we cleaned up the sea surface and coastal litter twice with our 18 personnel and collected a total of 850 kg of mixed solid waste that consist of packaging and household waste from the 506-meter Hereke coastline. The collected waste was bagged and brought to the Nuh Çimento's Temporary Waste Storage area, and then directed to licensed facilities.



Preservation of Biodiversity

Our Goal

Avoid operating in areas where special biodiversity species are cultivated and inhabited and in other protected areas

Achieved in 2021

0

Target for 2022

0

In the cement sector, natural habitats can be affected due to the fact that the main raw material obtained through pit mining activities is obtained from natural resources. In order to minimize this impact, we don't carry out mining activities in areas under protection for biodiversity.

The areas where our open pit mines are located and we carry out open pit mining activities are within the jurisdiction of Sakarya Regional Directorate of Forestry, Izmit Forestry Department and Dilovası Forest Sub-District Directorate and these are Degraded Forest areas. These areas do not have trees of economic value, and are mostly open areas where species in the maquis formation are distributed in places. In 2021, we observed no adverse impact of our activities on biodiversity.

Izmit Gulf Restocking Project

Izmit Gulf Restocking Project

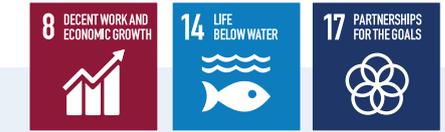
In the 4th year of Izmit Gulf Restocking Project, we again have been the sole sponsor. In Hereke, where we operate, fishery activities in Izmit Gulf is economically and socially important for people. In this context, at Nuh Çimento, we have been contributing to the restocking project since the beginning of 2017, under the leadership of Kocaeli Metropolitan Municipality. Our aim is to contribute to protection and enrichment of biodiversity, and thus contribute to the economic development of the region and to enable the people to benefit more from the sea.

Within the framework of the "Izmit Gulf Restocking Project" carried out by Kocaeli Metropolitan Municipality, General Directorate of Agricultural Research and Policies and Central Fisheries Research Institute, six thousand sea breams, sea basses and turbot were released into the sea in the program organized on the coast of Hereke in Gulf district. Thus, in its 4th year, a total of 24 thousand fish were released into the Gulf waters.

In the studies carried out together with Trabzon Central Fisheries Research Institute (SUMAE) of TAGEM, within the scope of the protocol signed on 20.12.2016 within the framework of cooperation with the Ministry of Food, Agriculture and Livestock (General Directorate of Agricultural Researches and Policies): Initially, the existing fish species and diversity and their stock status were identified. Accordingly, sampling studies were carried out in Izmit Gulf in 2017 and 2018.

The restocking project, which is only one leg of the efforts to protect the Izmit Gulf, the closed basin of Marmara Sea, is aimed to increase the number of native fish species of Izmit Gulf, and to protect the fish species by reducing the impacts of adverse environmental conditions on fish species. Within the scope of the project, broodfish are caught in Izmit Gulf and bred in Trabzon Central Fisheries Research Institute, and domestic young fish are released into the Izmit Gulf to balance the population of the species here.

Trabzon Central Fisheries Research Institute supports the collection and reproduction of fish, while the Ministry



of Food, Agriculture and Livestock and the General Directorate of Agricultural Research and Policies provide information support. At Nuh Çimento, we sponsored vehicles, organization and ceremony and we are supporting meetings and evaluation studies as the sole sponsor.

Izmit Gulf Restocking Project, which is a precedent project in Türkiye for biodiversity, is also the first project to release fish into the sea.

Results and Achievements



Economic

Fishery developed and economy boosted in the region



Social

Local people have been reunited with the sea thanks to angling.



Environmental

With the decrease in marine pollution, biodiversity and the number of fish species and amount of fish started to increase.

Izmit Gulf Restocking Project



2021

09

APPENDICES





Our Integrated Management Systems

We carry out our management systems activities, which started in 2005 with the occupational health and safety management system and continued with the quality, environment and energy management systems, within the scope of integrated management systems standards approved by BSI (The British Standard Institution). We carry out our ISO 27001 Information Security Management system activities under the supervision of Proks Belgelendirme ve Özel Eğitim Hizmetleri certification company.

| Our Integrated Management Systems Standards Certificates | Date of Issue | Valid Until |
|---|---------------|-------------|
| ISO 9001 Quality Management System | 13.02.2008 | 05.09.2022 |
| ISO 14001 Environmental Management System | 13.02.2008 | 05.09.2022 |
| ISO 50001 Energy Management System | 17.12.2013 | 05.09.2022 |
| TS-45001 Occupational Health and Safety Management System | 07.07.2005 | 05.09.2022 |
| ISO 27001 Information Security Management System | 02.01.2019 | 01.01.2023 |
| CSC Responsible Sourcing Certificate | 08.04.2020 | 08.04.2023 |

Our policies supporting our Integrated Management Systems are available on our [website](#).

Corporate Memberships

AHK Türkiye German-Turkish Chamber of Commerce and Industry

ÇEİS Cement Industry Employers' Association

GİF Global Relations Forum

İAV Economic Research Foundation

İMMİB Secretariat General of Istanbul Mineral and Metals Exporters' Association

İTO Istanbul Chamber of Commerce

KALDER Turkish Quality Association

KSO Kocaeli Chamber of Industry

KOSAİD Kocaeli Industrialists and Businessmen's Association

KTO Gulf Chamber of Commerce

OAİB General Secretariat of Central Anatolian Exporters Union

PERYÖN People Management Association

SKD Sustainable Development Association

TÇMB Turkish Cement Manufacturers' Association (TÜRKÇİMENTO)

TÜGİAD Turkish Young Businessmen Association

Financial Performance Summary

Main Figures

| (Thousand TL) | 2019 | 2020 | 2021 |
|----------------------------------|-------------|-------------|-------------|
| Assets | 1.832.592 | 2.518.122 | 3.473.236 |
| Net Sales | 1.268.982 | 1.706.337 | 2.493.229 |
| Operating Profit | 178.128 | 394.058 | 536.244 |
| Net Profit | 160.793 | 570.249 | 642.432 |
| EBITDA | 262.216 | 476.742 | 627.788 |
| Shareholder's Equity | 1.193.268 | 1.798.886 | 2.171.850 |
| Dividends | 2019 | 2020 | 2021 |
| Dividends Paid (Gross) | 105.150 | 225.320 | 322.959* |
| Earnings Per Share | 1,07 | 3,80 | 4,28 |
| Dividends Paid Per Share (Gross) | 0,70 | 1,50 | 2,15* |

*The amount of the payment will be finalized at the General Assembly on March 24, 2022.

Key Ratios

| Liquidity Ratios | 2019 | 2020 | 2021 |
|---|-------------|-------------|-------------|
| Current Ratio | 1,68 | 1,93 | 1,95 |
| Cash Ratio | 0,70 | 0,93 | 0,66 |
| Profitability Rates | 2019 | 2020 | 2021 |
| Net Profit / Shareholder's Equity | %13 | %33 | 30 |
| Real Operating Income / Net Sales Revenue | %14 | %23 | 22 |
| Financial Structure Ratios | 2019 | 2020 | 2021 |
| Total Shareholder's Equity / Assets | %65 | %71 | 63 |
| Shareholder's Equity / Liabilities | 1,87 | 2,50 | 1,67 |

Performance Indicators Tables

Economic Indicators

Data on the Value Distributed to Our Stakeholders

| Economic Value Created and Distributed (Consolidated) (Thousand TL) | 2019 | 2020 | 2021 |
|--|---------------|----------------|----------------|
| Economic Value Created (Income) | 1.268.982 | 1.706.337 | 2.493.229 |
| Economic Value Distributed to Stakeholders | | | |
| Benefits provided to suppliers | 1.025.790 | 1.345.005 | 2.500.502 |
| Benefits provided to the state | 38.174 | 90.216 | 159.735 |
| Benefits provided to capital providers (Dividends) | 105.149 | 225.320 | 322.959 |
| Benefits provided to the society* | 7.435 | 8.734 | 11.090 |
| Undistributed economic value (Profit) | 55.644 | 344.929 | 319.473 |

| Benefits provided to the Society* | 2019 | 2020 | 2021 |
|---|--------------|--------------|---------------|
| Nuh Çimento Education and Health Foundation | 3.377.5 | 2.955 | 8.480 |
| Public Corporations and Institutions | 3.103 | 4.061 | 1.847 |
| Other associations and foundations | 955 | 1.718 | 763 |
| Total | 7.435 | 8.734 | 11.090 |

*Total amount of donations made to Nuh Çimento Education and Health Foundation, Public Institutions and Organizations and other associations and foundations.

Social Indicators

Data on Occupational Health and Safety

| Occupational Health and Safety (Employees of Nuh) | 2019 | 2020 | 2021 |
|--|-------|-------|-------|
| Fatal Accidents Rate | 0 | 0 | 0 |
| Accident Frequency Rate (Serious accidents with lost time, excluding death) | 7,92 | 5,32 | 5,29 |
| Accident Frequency Rate (Recorded) (Serious accidents with and without lost time) | 15,84 | 10,63 | 21,84 |

Notes:

Types of accidents occurred in 2021 are struck, burn, strain and crush injuries.

Accidents requiring first aid response are included in the accident frequency rate if they involve lost days.

The number of lost days is calculated in calendar days. The counting of lost days starts the day after the accident.

Accidents involving death are not included in the accident frequency rate. (1 Accident Involving Death = 7,500 Lost Days)

Accident Frequency: Number of accidents occurred in one million working hours

Accident Frequency = Total Number of Accidents / (Total Number of Employees x 300 Days x 7.5 Hours) - (Total Lost Days x 7.5 Hours) x 1,000,000

| Our Occupational Health and Safety Trainings (Employee/Hour) | 2019 | 2020 | 2021 |
|---|------|------|------|
| Men | 29 | 39 | 33 |
| Women | 41 | 21 | 16 |

İstihdam ve Eğitim Verileri

| Our Employees | | | |
|--|--------------|--------------|--------------|
| Our Employees by Gender | 2019 | 2020 | 2021 |
| Men | 93.50% | 93.50% | 93.82% |
| Women | 6.50% | 6.50% | 6.18% |
| By Contract Type and Gender | 2019 | 2020 | 2021 |
| Permanent and Full-Time Employee - Women | 62 | 61 | 59 |
| Permanent and Full-Time Employee - Men | 893 | 881 | 879 |
| Total | 955 | 942 | 938 |
| By Contract Type and Region | 2019 | 2020 | 2021 |
| Permanent and Full-Time Employee - Istanbul | 36 | 35 | 35 |
| Permanent and Full-Time Employee - Kocaeli | 919 | 907 | 903 |
| Total | 955 | 942 | 938 |
| Employees by Location | 2019 | 2020 | 2021 |
| Istanbul | 3.70% | 3.70% | 3.73% |
| Kocaeli | 96.30% | 96.30% | 96.27% |
| Employee Turnover Figures | 2019 | 2020 | 2021 |
| Beginning of Year | 669 | 676 | 667 |
| Employees Who Started | 47 | 28 | 62 |
| Employees Who Separated | 40 | 37 | 51 |
| End of Year | 676 | 667 | 676 |
| Average Number of Employees | 666 | 674 | 667 |
| Turnover Rate | 6,00% | 5,49% | 7,64% |
| Local Employment | 2019 | 2020 | 2021 |
| Senior Managers - Local (Kocaeli) | 4 | 4 | 4 |
| Senior Managers - Other (Istanbul) | 9 | 9 | 9 |
| Total Number of Senior Managers | 13 | 13 | 13 |
| Freedom of Association | 2019 | 2020 | 2021 |
| Number of employees covered by collective labor agreements | 436 | 437 | 443 |
| Rate of employees covered by collective labor agreements (%) | 64% | 66% | 66% |

| Our Training Investments | Total Training Hours | | |
|---------------------------------|---|---------------|---------------|
| All Trainings | 2019 | 2020 | 2021 |
| Professional Development | 3.622 | 1.908 | 2.079 |
| Personal Development | 562 | 686 | 588 |
| OH&S | 19.940 | 25.692 | 21.784 |
| Other | 1.819 | 422 | 2.268 |
| Total Training Hours | 25.943 | 28.708 | 26.719 |
| Our Training Investments | Average Hours of Training Per Employee | | |
| By Gender | 2019 | 2020 | 2021 |
| Men | 38 | 43 | 40 |
| Women | 40 | 48 | 31 |

Environmental Indicators

| Our Environmental Expenditures (TL) | 2019 | 2020 | 2021 |
|-------------------------------------|------------------|------------------|-------------------|
| Emission Management | 2.414.951 | 2.967.503 | 9.635.106 |
| Waste Management | 3.030.751 | 3.261.583 | 4.449.479 |
| Labor | 2.597.345 | 2.326.060 | 3.623.675 |
| Permits and Licenses Management | 199.969 | 244.972 | 1.673.802 |
| Total | 8.243.015 | 8.800.119 | 19.382.063 |

Environmental Compliance:

We were not imposed any penalties in the reporting period for non-compliance with the environmental laws and regulations.

Energy Management Data

| Energy Consumed From Non-Renewable Direct Energy Sources (GJ) | 2019 | 2020 | 2021 |
|---|-------------------|-------------------|-------------------|
| Coal | 6.105.390 | 7.614.602 | 13.037.955 |
| Natural Gas | 150.987 | 174.898 | 173.581 |
| Fuel Oil | 11.015 | 11.890 | 0 |
| Petroleum Coke | 7.313.869 | 6.987.010 | 2.774.339 |
| Alternative Fuels | 289.667 | 356.155 | 186.433 |
| Total Fuels Consumed (GJ) | 13.870.928 | 15.144.555 | 16.172.308 |

| Energy Purchased and Consumed From Non-Renewable Indirect Energy Sources (GJ) | 2019 | 2020 | 2021 |
|---|-------------------|-------------------|-------------------|
| Electricity | 1.152.369 | 1.240.345 | 1.460.463 |
| Energy Generated and Consumed From Renewable Indirect Energy Sources (GJ) | 2019 | 2020 | 2021 |
| Electricity* | 522.839 | 485.781 | 502.465 |
| Total Energy Consumption (GJ) | 15.546.137 | 16.870.680 | 18.135.235 |

* Total energy generation of WHR and HEPP.

| Energy Intensity | 2019 | 2020 | 2021 |
|------------------------|-------------|-------------|-------------|
| Cement (kWh/ton) | 47 | 46 | 45 |
| Clinker (kWh/ton) | 69 | 66 | 64 |
| Clinker Fuel (GJ/ton) | 3,2 | 3,5 | 3,5 |
| Energy Consumption | 2019 | 2020 | 2021 |
| Clinker (kWh/year) | 296.329.791 | 288.768.941 | 296.541.627 |
| Cement (kWh/year) | 142.146.400 | 164.872.935 | 209.679.386 |
| Fuel Clinker (GJ/year) | 13.870.928 | 15.144.555 | 16.172.308 |

Emission Management Data

| Greenhouse Gas Emissions (tCO ₂ e) | 2019 | 2020 | 2021 |
|---|------------------|------------------|------------------|
| Direct Greenhouse Gas (GHG) Emissions (Scope 1) | 3.620.445 | 3.611.039 | 3.916.622 |
| Indirect Greenhouse Gas (GHG) Emissions (Scope 2) | 248.957 | 256.524 | 291.716 |
| Total CO₂e Emissions | 3.854.183 | 3.867.563 | 4.208.338 |

Explanation: Direct Greenhouse Gas Emissions (Scope 1) include the emission reported within the scope of the "Regulation on Monitoring of Greenhouse Gas Emissions" (MRV).

Explanation: Indirect Greenhouse Gas Emissions (Scope 2) are not included in the Greenhouse Gas Emissions reported under MRV (Monitoring, Reporting, Verification), and they cover the greenhouse gas emissions generated as a result of the electricity purchased and consumed by the company.

| Greenhouse Gas (GHG) Emission Intensity (Scope 1) | 2019 | 2020 | 2021 |
|---|-----------|-----------|-----------|
| Total Clinker Production (Tons) | 4.300.050 | 4.376.400 | 4.634.300 |
| CO ₂ e Emission Intensity (Kg CO ₂ e/ton clinker) | 842 | 825 | 845 |

| Greenhouse Gas Reduction (tCO ₂ e) | 2019 | 2020 | 2021 |
|---|---------------|---------------|---------------|
| Waste Heat Recovery | 49.184 | 55.408 | 63.155 |
| Kuşluk HEPP | 17.638 | 16.784 | 11.517 |
| Electric Construction Equipment | 485 | 531 | 679 |
| Total | 67.307 | 72.723 | 75.351 |

| Air Emissions (Kg) | 2019 | 2020 | 2021 |
|-------------------------|-----------|------|------------|
| NOx | 1.775.743 | - | 18.125.273 |
| SOx | 8.670 | - | 141.459 |
| PM (Particulate matter) | 314.193 | - | 1.176.226 |

* Measurements are made every two years according to the Regulation on the Control of Industrial Air Pollution. Therefore, 2020 data is not available.

Material Management Data

| Our Use of Waste (Ton) | 2019 | 2020 | 2021 |
|--------------------------|----------------|----------------|----------------|
| Alternative Raw Material | 353.083 | 354.835 | 430.686 |
| Alternative Fuel | 18.150 | 19.596 | 10.819 |
| Total | 371.233 | 374.431 | 441.505 |

Water Management Data

| Water Withdrawal (m ³ /year) | 2019 | 2020 | 2021 |
|---|------------------|------------------|------------------|
| Surface Water (Ulupinar Stream) | 901.670 | 941.907 | 1.315.506 |
| Groundwater (Deep Wells) | 63.868 | 62.144 | 45.907 |
| Sea Water (Marmara Sea) * | 929.544 | 1.023.708 | 802.836 |
| Total | 1.895.082 | 2.027.759 | 2.164.249 |

*Amounts obtained from our water production facility recovered by desalination of sea water with ultra filtration and reverse osmosis system.

| Water Consumption (m ³ /Year) | 2019 | 2020 | 2021 |
|--|------------------|------------------|------------------|
| Amount of Water Used in Cement Production | 833.675 | 731.094 | 785.956 |
| Amount of Water Used in Auxiliary Facilities | 709.031 | 878.698 | 957.368 |
| Total Water Usage | 1.542.706 | 1.609.792 | 1.743.324 |

| Treatment Facility Data | Domestic Wastewater | Site Wastewater | Total |
|--|---------------------|-----------------|---------|
| Water entering into the treatment facility (m3) | 66.100 | 161.977 | 228.077 |
| Water coming out of the treatment facility (m3) | 66.100 | 161.677 | 227.777 |
| Amount discharged into the sea | 66.100 | 79.228 | 145.328 |
| Amount fed to furnaces | 0 | 37.326 | 37.326 |
| Amount used for road sprinkling and dedusting | 0 | 45.123 | 45.123 |
| Chemicals used in the treatment facility (ton) | 3 | 0 | 3 |
| Amount of sewage sludge output (ton) | 8,75 | 16,25 | 25 |
| Electricity consumption in treatment facility (kWh) | 62.219 | 149.955 | 212.174 |

Waste Management Data

| Total Waste by Type (Ton) | 2019 | 2020 | 2021 |
|------------------------------|--------------|--------------|--------------|
| Hazardous Wastes | 710 | 506 | 381 |
| Non-Hazardous Waste | 2.273 | 2.698 | 2.513 |
| Total Waste Generated | 2.984 | 3.204 | 2.894 |

| Total Waste by Disposal Method (Ton) | 2019 | 2020 | 2021 |
|--------------------------------------|---------------|-----------------|-------------|
| Energy Recovery | 335,15 | 42,25 | %13 |
| Material Recovery | 28,51 | 2116,89 | %74 |
| Landfilling | 0 | 281,72 | %10 |
| Recycling | 17,70 | 72,64 | %3 |
| Other (Sterilization etc.) | 0,09 | 0 | %0 |
| Total Waste Disposed of | 381,45 | 2.513,50 | %100 |

Hazardous wastes include: waste printing toners containing hazardous substances, engine, gearbox and lubrication oil, chemicals, lead batteries and accumulators etc.

Non-hazardous wastes include: plastic, iron and metal chips, mixed packaging and wornout tires etc.

GRI Content Index

| GRI 101 CORE 2016 | | | | | |
|----------------------------------|--|-----------------------|----------------------------------|---|---------------------------|
| GRI 102 GENERAL DISCLOSURES 2016 | | Page No. | GRI 102 GENERAL DISCLOSURES 2016 | | Page No. |
| GRI | Organizational Profile | | GRI | Corporate Governance | |
| 102-1 | Name of the organization | Inside of front cover | 102-18 | Governance Structure | Page 40 |
| 102-2 | Activities, brands, products, and services | Page 16-17 | Stakeholder Engagement | | |
| 102-3 | Location of headquarters | Inside of front cover | 102-40 | List of stakeholder groups | Page 42 |
| 102-4 | Countries | Page 16-17 | 102-41 | Collective labor agreements | Page 59 |
| 102-5 | Legal form of the Company | Inside of front cover | 102-42 | Identifying and selecting stakeholders | Page 42 |
| 102-6 | Markets served | Page 16-17 | 102-43 | Approach to stakeholder engagement | Page 41-42 |
| 102-7 | Scale of the organization | Page 23-24 | 102-44 | Key topics and concerns raised by stakeholders | Page 41-42 |
| 102-8 | Employee profile | Page 86 | Reporting | | |
| 102-9 | Supply chain | Page 43 | 102-45 | Entities included in the consolidated financial statements | Page 17 |
| 102-10 | Significant changes to the organization and its supply chain | Page 43 | 102-46 | Defining report content and topic boundaries | Page 3 |
| 102-11 | Precautionary Principle | Page 66 | 102-47 | List of material topics | Page 42 |
| 102-12 | External initiatives | Page 3-4 | 102-48 | Restatements of information | Management approaches |
| 102-13 | Memberships of associations | Page 83 | 102-49 | Changes in the scope and boundaries of the report | No change. |
| Strategy | | | 102-50 | Reporting period | 2.021 |
| 102-14 | Statement from senior decision-maker | Page 7-9 | 102-51 | The date of the most recent previous report | 2.020 |
| 102-15 | Key impacts, risks and opportunities | Page 29-34 | 102-52 | Reporting cycle | Annual |
| Ethics and Integrity | | | 102-53 | Contact point for questions regarding the report | Page 216 |
| 102-16 | Values, principles, standards, and norms of behavior | Page 27-28 | 102-54 | Statement of reporting in accordance with the GRI Standards | Page 3 |
| 102-17 | Mechanisms for advice and concerns about ethics | Page 28 | 102-55 | GRI content index | Page 90 |
| | | | 102-56 | External Audit | No audit was carried out. |

GRI 102 GENERAL DISCLOSURES 2016

| GRI 200-300-400 TOPIC-SPECIFIC STANDARDS | | |
|---|--|-------------------------------|
| GRI 200 ECONOMIC STANDARDS SERIES | | Page No. in the Report |
| GRI 201 Economic Performance 2016 | | |
| GRI 103 MANAGEMENT APPROACH 2016 | 103-1 Explanation of the material topic and its boundary | Page 43 |
| | 103-2 The management approach and its components | Page 49-52 |
| | 103-3 Evaluation of management approach | Page 49-52 |
| GRI 201 TOPIC-SPECIFIC DISCLOSURES 2016 | 201-1 Direct economic value generated and distributed | Sayfa 85 |
| | 201-2 Financial implications and other risks and opportunities due to | Sayfa 29-33 |
| | 201-3 Çalışanlar için zorunlu fayda ya da diğer emeklilik planları | Sayfa 59 |
| | 201-4 Financial assistance received from government | Page 85 |
| GRI 204 Procurement Practices 2016 | | |
| GRI 103 MANAGEMENT APPROACH 2016 | 103-1 Explanation of the material topic and its boundary | Page 43 |
| | 103-2 The management approach and its components | Page 49-50 |
| | 103-3 Evaluation of management approach | Page 49-50 |
| GRI 204 TOPIC-SPECIFIC DISCLOSURES 2016 | 204-1 Proportion of spending on local suppliers | Page 49-50 |
| GRI 300 ENVIRONMENTAL STANDARDS SERIES | | Page No. in the Report |
| GRI 301 Materials 2016 | | |
| GRI 103 MANAGEMENT APPROACH 2016 | 103-1 Explanation of the material topic and its boundary | Page 43 |
| | 103-2 The management approach and its components | Page 73-74 |
| | 103-3 Evaluation of management approach | Page 73-74 |
| GRI 301 TOPIC-SPECIFIC DISCLOSURES 2016 | 301-1 Materials used by weight or volume | Page 73-74 |
| | 301-2 Recycled input materials used | Page 73-74 |
| GRI 302 Energy 2016 | | |
| GRI 103 MANAGEMENT APPROACH 2016 | 103-1 Explanation of the material topic and its boundary | Page 43 |
| | 103-2 The management approach and its components | Page 66-72 |
| | 103-3 Evaluation of management approach | Page 66-72 |
| GRI 302 TOPIC-SPECIFIC DISCLOSURES 2016 | 302-1 Energy consumption within the organization | Page 87 |
| | 302-3 Energy intensity | Page 87 |
| | 302-4 Reduction of energy consumption | Page 87 |
| | 302-5 Reductions in energy requirements of products and services | Page 87 |
| GRI 303 Water and Effluents 2018 | | |
| GRI 103 MANAGEMENT APPROACH 2016 | 103-1 Explanation of the material topic and its boundary | Page 43 |
| | 103-2 The management approach and its components | Page 75-76 |
| | 103-3 Evaluation of management approach | Page 75-76 |
| | 303-1 Interactions with water as a shared resource | Page 75-76 |
| | 303-2 Management of water discharge-related impacts | Page 75-76 |
| GRI 303 TOPIC-SPECIFIC DISCLOSURES 2018 | 303-3 Water withdrawal | Page 89 |
| | 303-4 Water discharge | Page 89 |
| | 303-5 Water consumption | Page 89 |

| GRI 305 Emissions 2016 | | |
|--|---|------------|
| GRI 103 MANAGEMENT APPROACH 2016 | 103-1 Explanation of the material topic and its boundary | Page 43 |
| | 103-2 The management approach and its components | Page 66-72 |
| | 103-3 Evaluation of management approach | Page 66-72 |
| GRI 305 TOPIC-SPECIFIC DISCLOSURES 2016 | 305-1 Direct greenhouse gas (GHG) emissions (Scope 1) | Page 88 |
| | 305-2 Indirect greenhouse gas (GHG) emissions (Scope 2) | Page 88 |
| | 305-4 Greenhouse gas (GHG) emissions intensity | Page 88 |
| | 305-5 Reduction of greenhouse gas (GHG) emissions | Page 88 |
| GRI 306 Waste 2020 | | |
| GRI 103 MANAGEMENT APPROACH 2016 | 103-1 Explanation of the material topic and its boundary | Page 43 |
| | 103-2 The management approach and its components | Page 77-78 |
| | 103-3 Evaluation of management approach | Page 77-78 |
| | 306-1 Waste generation and significant waste-related impacts | Page 77-78 |
| | 306-2 Management of significant waste-related impacts | Page 77-78 |
| GRI 306 TOPIC-SPECIFIC DISCLOSURES 2020 | 306-3 Waste created / generated | Page 89 |
| | 306-4 Waste diverted from disposal (reused, recycled) | Page 89 |
| | 306-5 Waste directed to disposal (incineration, landfill etc.) | Page 89 |

| GRI 400 SOSYAL STANDARTLAR SERİSİ | | Page No. in the Report |
|--|---|-------------------------------|
| GRI 401 Employment 2016 | | |
| GRI 103 MANAGEMENT APPROACH 2016 | 103-1 Explanation of the material topic and its boundary | Page 43 |
| | 103-2 The management approach and its components | Page 59 |
| | 103-3 Evaluation of management approach | Page 59 |
| GRI 401 TOPIC-SPECIFIC DISCLOSURES 2016 | 401-1 New employee hires and employee turnover | Page 86 |
| | 401-2 Benefits provided to full-time employees | Page 86 |
| | 401-3 Parental Leave | Page 86 |
| GRI 403 Occupational Health and Safety 2018 | | |
| GRI 103 MANAGEMENT APPROACH 2016 | 103-1 Explanation of the material topic and its boundary | Page 43 |
| | 103-2 The management approach and its components | Page 57-58 |
| | 103-3 Evaluation of management approach | Page 57-58 |
| | 403-1 Management system for occupational health and safety | Page 57-58 |
| | 403-2 Hazard identification, risk assessment and incident investigation | Page 57-58 |
| | 403-3 Occupational health services | Page 57-58 |
| | 403-5 Employee training on occupational health and safety | Page 57-58 |
| GRI 403 TOPIC-SPECIFIC DISCLOSURES 2018 | 403-8 Employees covered by a management system for occupational health and safety | Page 85 |
| | 403-9 Work-related incidents | Page 85 |
| | 403-10 Work-related diseases | Page 85 |
| GRI 404 Training and Education 2016 | | |
| GRI 103 MANAGEMENT APPROACH 2016 | 103-1 Explanation of the material topic and its boundary | Page 43 |
| | 103-2 The management approach and its components | Page 61-62 |
| | 103-3 Evaluation of management approach | Page 61 |
| GRI 404 TOPIC-SPECIFIC DISCLOSURES 2016 | 404-1 Average hours of training per year per employee | Page 86 |
| | 404-2 Talent management and lifelong learning programs that support employee development | Page 86 |

CMB Sustainability Principles Compliance Report

| | AI. Strategy, Policy and Objectives | Compliance | Explanation and Its Section |
|--|--|--------------------------------------|---|
| A. General Principles | - The Board of Directors determines ESG priority issues, risks and opportunities and creates ESG policies accordingly. Internal guidelines, business procedures, etc. can be prepared to ensure effective implementation of these policies. The Board of Directors adopts resolutions on these policies and makes the public disclosures regarding the same. | Full | Our Sustainability Strategy and Management Structure Integrated Management Systems |
| | - Determines the Corporate Strategy that complies with the ESG policies, risks and opportunities. Determines short and long-term goals in line with the corporate strategy and ESG policies and makes the relevant public disclosures. | Full | Our Sustainability Goals |
| | A2. Implementation/Monitoring | | |
| | - Determines, and makes the public disclosures regarding the committees/functions responsible for the execution of ESG policies. The responsible committee/function reports the activities carried out within the scope of the policies to the Board of Directors at least once a year and, in any case, within the deadlines for the public disclosure of the annual reports as specified in the relevant regulations of the Board. | Full | Our Sustainability Strategy and Management Structure |
| | - Creates and publicly discloses the implementation and action plans in line with the short and long-term objectives that are determined. | Full | Our Sustainability Goals |
| | - Determines the ESG Key Performance Indicators (KPI) and discloses them comparatively on a yearly basis. Presents KPIs with comparisons of the local and international industry, in the case that there are verifiable data available. | Full | Performance Indicators Tables |
| | - Discloses its innovation activities to improve the sustainability performance for business processes or products and services. | Full | Climate Change and Energy Management |
| | A3. Reporting | | |
| | - Reports the sustainability performance, goals and actions at least once a year and discloses them to the public. Discloses the information on sustainability activities within the scope of the annual report. | Full | Annual Report 2021 in General |
| | - It is essential to share information that is important for stakeholders to understand the position, performance and development of the corporation, in a direct and concise manner. May also disclose detailed information and data on the corporate website, and prepare individual reports to directly meet the needs of different stakeholders. | Full | Annual Report 2021 in General |
| | - Shows maximum care to ensure transparency and reliability. Objectively discloses any developments about the issues that are a matter of priority, in disclosures and reports in line with the balanced approach. | Full | Annual Report 2021 in General |
| | - Provides information about which of the United Nations (UN) 2030 Sustainable Development Goals relates to its activities. | Full | About Our Report |
| | - Gives explanations regarding the lawsuits filed and/or concluded against us on environmental, social and corporate governance issues. | Full | Performance Indicators Tables |
| | A4. Verification | | |
| - If verified by independent third parties (independent sustainability assurance providers), it discloses the sustainability performance measurements publicly and endeavors to enhance the relevant verification processes. | Partial | Climate Change and Energy Management | |

| | B. Environmental Principles | Compliance | Explanation and Its Section |
|------------------------------------|--|-------------------|--|
| B. Environmental Principles | - Discloses its environmental management policies and implementations, action plans, environmental management systems (known by the ISO 14001 standard) and programs. | Full | Environmental Performance Our Integrated Management Systems |
| | - Complies with environmental laws and other relevant regulations and discloses them. | Full | Our Environmental Performance Indicators |
| | - Discloses the boundaries, reporting period, reporting date, data collection process, and restrictions on reporting conditions of the environmental report to be included in the statement to be prepared within the scope of the Sustainability Principles. | Full | About Our Report |
| | Discloses the top officer in the corporation responsible for environment and climate change issues, the relevant committees, and their duties. | Full | Our Sustainability Strategy and Management Structure |
| | - Discloses the incentives it offers for the management of environmental issues, including the achievement of objectives. | Full | Environmental Performance |
| | - Discloses how environmental issues are integrated into business goals and strategies. | Full | Our Sustainability Goals |
| | - Discloses the sustainability performances for business processes or products and services, and its activities to improve such performance. | Full | Climate Change and Energy Management |
| | - Discloses how it manages environmental issues and integrates suppliers and customers into its strategies, not only in terms of direct operations but also through the corporation's value chain. | Full | Sustainability Impacts in the Value Chain |
| | - Discloses whether or not it is involved in policy-making processes on environmental issues (sectoral, regional, national and international); the collaborations made by it in relation to environmental issues, with the associations of which it is a member, the relevant organizations, and non-governmental organizations and, if any, the duties it has assumed and the activities it supports. | Full | Corporate Memberships External Factors and Global Trends |
| | - Periodically reports comparable information on environmental impacts 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 impacts). | Full | Environmental Performance |
| | - Discloses the standards, protocols, methodology and base year details used to collect and calculate its data. | Full | Environmental Performance |
| | - Discloses the status of the environmental indicators (increase or decrease) for the reporting year as compared to previous years. | Full | Environmental Performance |
| | - Sets short and long-term goals to reduce the environmental impacts, and declares these goals. It is recommended that these goals be set as Science-Based as advised by the United Nations Conference of the Parties on Climate Change. Provides information if there has been progress in the reporting year in line with the targets it set previously. | Full | Our Sustainability Goals |
| | - Discloses its strategy and actions to fight against the climate crisis. | Full | Climate Change and Energy Management |
| | - Discloses the programs or procedures to prevent or minimize the potential adverse impact of its products and/or services; describes the actions of third parties to reduce greenhouse gas emission amounts. | Full | Climate Change and Energy Management |
| | Describes the total number of actions taken and projects and initiatives carried out by it to reduce its environmental impacts, and the environmental benefits/gains and cost savings provided by these activities. | Full | Environmental Performance |
| | - Reports the total energy consumption data (excluding raw materials) and describes its energy consumption in Scope-1 and Scope-2. | Full | Climate Change and Energy Management |
| | - Provides information on electricity, heat, steam and cooling generated and consumed in the reporting year. | Full | Climate Change and Energy Management |

| | | |
|---|------|---|
| - Carries out studies on increasing the use of renewable energy and transition to zero or low carbon electricity and declares these studies. | Full | Climate Change and Energy Management |
| - Discloses its data of renewable energy generation and consumption. | Full | Climate Change and Energy Management |
| - Carries out energy efficiency projects and discloses the amount of reduced energy consumption and emission achieved as a result of these studies. | Full | Climate Change and Energy Management |
| - Reports the amount, sources, and procedures of water withdrawn from groundwater or surface water sources, used, recycled and discharged (Total water withdrawal by source, water sources affected by water withdrawal, percentage and total volume of recycled and reused water, etc.). | Full | Water and Wastewater Management |
| - Discloses whether its operations or activities have been included in any carbon pricing system (Emission Trading System, Cap & Trade, or Carbon Tax). | Full | Nuh Çimento is not a part of any carbon pricing system. |
| - Discloses its carbon credits accumulated or purchased in the reporting period. | Full | There is no information on the carbon credits accumulated or purchased in the reporting period. |
| - Discloses the relevant details if carbon pricing is applied within the corporation. | Full | Carbon pricing is not applied within the corporation. |
| Declares all compulsory and voluntary platforms on which it has disclosed its environmental information. | Full | All the information are in the public domain through our integrated annual report and website. |

C. Social Principles

| C1. Human Rights and Employee Rights | Compliance | Explanation and Its Section |
|--|-------------------|---|
| - Creates a Corporate Human Rights and Employee Rights Policy that is committed to full compliance with The Universal Declaration of Human Rights, ILO Conventions ratified by Türkiye, and the legal framework and regulations governing human rights and labor in Türkiye. Makes a public disclosure about the mentioned policy and the roles and responsibilities for its implementation. | Partial | Employment, Training and Development Code of Ethics |
| - Ensures equal opportunity in recruitment processes. Includes in its policies the issues of fair labor, improvement of labor standards, women's employment, and inclusion (such as non-discrimination based on gender, religious belief, language, race, ethnic origin, age, disability, refugee, etc.), by observing also the supply and value chain effects. | Full | Employment, Training and Development |
| - Discloses the measures taken along the value chain for the protection of groups that are vulnerable to certain economic, environmental and social factors (low-income groups, women, etc.) or for minority rights/equal opportunity. | Full | Education and Health Foundation |
| - Reports developments on preventive and corrective actions against discrimination, inequality, human rights violations, and forced labor. Discloses the regulations regarding prohibition of child labor. | Partial | Employment, Training and Development Code of Ethics |
| - Discloses its policies on investment in employees (training, developmental policies), compensation, benefits offered, right to unionize, work/life balance solutions and talent management. Creates mechanisms for employee complaints and resolution of disputes and determines the processes to resolve disputes. Regularly discloses the actions taken to ensure employee satisfaction. | Full | Employment, Training and Development |
| Creates occupational health and safety policies and discloses them publicly. Discloses the measures taken to maintain occupational health and prevent occupational accidents, and discloses accident statistics. | Full | Occupational Health and Safety |
| - Creates and publicly discloses its policies on protection of personal data and data safety. | Full | Protection of Personal Data |
| - Creates an ethical policy (including work, work ethics, compliance processes, advertising and marketing ethics, public disclosure, etc.) and discloses it publicly. | Full | Corporate Governance, Ethics and Compliance |
| - Discloses its practices regarding social investment, social responsibility, financial inclusion, and access to financing. | Full | Preservation of Biodiversity |
| - Organizes information meetings and training programs for employees on ESG policies and practices. | Full | Occupational Health and Safety |

| | C2. Stakeholders, International Standards and Initiatives | Compliance | Explanation and Its Section |
|---|--|-------------------|---|
| C. Social Principles | - Carries out its sustainability activities by taking into account the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society, non-governmental organizations, etc.). | Partial | Our Sustainability Strategy and Management Structure |
| | - Creates and publicly discloses a customer satisfaction policy for management and solution of customer complaints. | Full | Integrated Management Systems |
| | - Conducts stakeholder communication in a continuous and transparent manner; describes which stakeholders are contacted for what purpose, on what issues and how often, and the developments in sustainability activities. | Full | Our Sustainability Strategy and Management Structure |
| | - Publicly discloses the international reporting standards it has adopted (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD), etc.). | Full | About Our Report |
| | - Publicly discloses the international organizations or principles it has signed or become a member of (Equator Principles, United Nations Environment Program Finance Initiative (UNEP-FI), United Nations Global Compact (UNGC), United Nations Principles for Responsible Investment (UNPRI), etc.) and international principles it has adopted (International Capital Market Association (ICMA), Green/Sustainable Bond Principles, etc.). | Full | We are not a signatory of listed international institutions. |
| | - Makes concrete efforts to be included in Borsa Istanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices, etc.). | Full | Nuh Çimento is not listed in Borsa Istanbul Sustainability Index. |
| D. Corporate Governance Principles | | | |
| D. Corporate Governance Principles | - In addition to the Corporate Governance principles that must be complied with under the Corporate Governance Communiqué no. II-17.1 of the Capital Markets Board, it shows utmost effort to comply with all Corporate Governance principles. | Full | Corporate Governance Principles Compliance Report |
| | - Takes into account the sustainability concerns, the environmental impacts of its activities, and the principles in this regard while determining its corporate governance strategy. | Full | Corporate Governance Principles Compliance Report |
| | - As specified in the Corporate Governance Principles, it takes the necessary measures to comply with the principles regarding the beneficiaries and to improve the communication with the beneficiaries. Takes the opinions of beneficiaries when determining measures and strategies for sustainability. | Full | Corporate Governance Principles Compliance Report |
| | - Works on raising awareness on sustainability and its importance by means of social responsibility projects, awareness activities and trainings. | Full | Education and Health Foundation |
| | - Makes efforts to become a signatory to international standards and initiatives on sustainability and to contribute to studies. | Full | About Our Report |
| | - Discloses its policies and programs for anti-bribery and corruption and the principle of tax honesty. | Partial | Corporate Governance Principles Compliance Report Code of Ethics |

Agenda of the Ordinary General Assembly Meeting

1. Opening and formation of the Meeting Council.
2. Reading and discussing the Annual Report for 2021 prepared by the Board of Directors.
3. Reading the Summary of the Independent Audit Report for 2021 accounting period.
4. Reading, discussing and deciding upon the Financial Statements for 2021 accounting period.
5. Discussing and resolving on the release of Board Members for their activities in 2021 accounting period.
6. Acceptance, acceptance with amendments or rejection of the proposal of the Board of Directors on the distribution of the profit for 2021 and the date of the distribution.
7. Discussing and resolving on the remuneration and attendance fee to be paid to the Board Members.
8. Election of the new members of the Board of Directors and the resolution on their terms of office.
9. Pursuant to Turkish Commercial Code and Capital Markets Law, discussing and resolve on the proposal of the Board of Directors on the selection of the independent external audit company for the audit of the accounts and transactions of 2022.
10. Pursuant to Articles 395 and 396 of Turkish Commercial Code, authorizing the Board Members and informing the General Assembly of the transactions carried out during the year in this context within the framework of Corporate Governance principles.
11. Informing the members about the donations and aids made in 2021 and deciding on the upper limit of donations and aids to be made in 2022.
12. Providing information related to the guarantees, pledges, mortgages and surety-ships provided in favor of third persons and the income generated and benefits obtained.
13. Wishes and opinions.

Explanations on Corporate Governance

Capital of the Company and Shareholding Structure

The company's shares have been offered to public through registration with the Capital Markets Board (CMB), and 16.18 of its shares are publicly traded. The company's shares are listed in Borsa Istanbul (BİST) since February 24, 2000.

The Company's paid-up capital is TL 150,213,600. There has been no change in the last year in the partnership shares of our shareholders holding five percent or more shares. Capital distribution among shareholders is as shown in the table below:

| | | | |
|-------------------------|----------------------------|--------------|-------------------------|
| Nuh Ticaret A.Ş. | Partaş Tekstil A.Ş. | Diğer | Halka Açık Kısım |
| 44,13% | 16,32% | 23,37% | 16,18% |



| | | | | | | | |
|----------------------|-----------------------|-----------------------------|----------------------|-------------------------------|----------------------|-----------------------|-----------------------------|
| Nuh Agro A.Ş. | Nuh Beton A.Ş. | Nuh Gayrimenkul A.Ş. | Nuh Yapı A.Ş. | Çim-Nak Taş. Ltd. A.Ş. | Navig Holding | Çimpaş Çimento | Cementos Esfera S.A. |
| 85% | 100% | 100% | 100% | 99,90% | 100% | 12,07% | 10% |

| |
|--------------------------|
| Oyak Çimento A.Ş. |
| 4,55% |

Information on Preference Shares and Voting Rights Attached to Shares

There are no privileged shares. Each share grants one voting right. Minority rights are not represented in the management. Our company does not allow accumulated voting.

Operating Principles of the Board of Directors

Board Members were elected at the General Assembly dated March 25, 2021 to serve until the Ordinary General Assembly Meeting to be held in 2022, where the results of the activities of 2021 will be discussed. Terms of office of the Board Members shall be determined at the ordinary general assembly meeting.

The Board conducts its activities in a transparent, accountable, fair and responsible manner. The Board shall convene at least once a month and whenever necessary. 20 meetings were held in 2021. The Board made 57 decisions in 2021, and attendance rate at these meetings was high. The Company's Articles of Association, provisions of Turkish Commercial Code and the regulations of the Capital Markets Board shall be followed on the method of meeting, meeting and decision quorums, voting and duties and authorities of the Board of Directors.

Duties of the Chairman of the Board and CEO are fulfilled by separate persons. Attention is paid to ensure that Board Members allocate the necessary time for the Company's affairs, and there is no restriction on their taking on other duties or tasks outside the Company. No incidents have occurred in 2020 fiscal year invalidating the independence of the independent Board members.

There is no related party transaction submitted for the approval of independent board members, or no decision of the board of directors on important transactions, which was rejected and submitted for the approval of the General Assembly. The Company has taken out a directors and officers liability insurance for the indemnification of losses incurred by members of the Board of Directors and senior executives against liabilities for which they may be held personally responsible within the scope of their duties.

The Composition of the Board of Directors

The Company's Board Members in 2021 and their qualifications are as follows.

| Name and Surname | Executive Power | Independency Status | Date of First Election to the Board of Directors | Term of Office | Offices in the Board of Directors and Committees |
|-------------------------|-----------------|---------------------|--|----------------|--|
| Tevfik Bilgin | Non-Executive | Executive Member | 27.03.2013 | 1 year | Chairman of the Board |
| Fikret Eskiyan | Non-Executive | Executive Member | 26.03.1994 | 1 year | Board Member Member of the Nomination Committee |
| Mehmet Eskiyan | Non-Executive | Executive Member | 28.03.1991 | 1 year | Board Member Corporate Governance Committee Member Nomination Committee Member |
| Nurcan Yurtbilir | Non-Executive | Executive Member | 30.03.2017 | 1 year | Board Member |
| Sinan Yurtbilir | Non-Executive | Executive Member | 27.03.2013 | 1 year | Board Member Corporate Governance Committee Member Nomination Committee Member |
| Ahmet Faik Paralı | Non-Executive | Executive Member | 28.04.2014 | 1 year | Board Member Member of the Committee for Early Detection of Risk |
| Muharrem Eskiyan | Non-Executive | Executive Member | 24.03.2010 | 1 year | Board Member Member of the Committee for Early Detection of Risk |
| Rahmi Çuhacı | Non-Executive | Executive Member | 26.03.2008 | 1 year | Board Member Corporate Governance Committee Member |
| Yılmaz Küçükçalık | Non-Executive | Executive Member | 30.03.2017 | 1 year | Board Member |
| Vahdetin Ertaş | Non-Executive | Independent Member | 29.03.2018 | 1 year | Independent Board Member Chairman of the Corporate Governance Committee Chairman of the Committee for Early Detection of Risk Chairman of the Audit Committee Chairman of the Nomination Committee |
| İsmail KÖKSAL | Non-Executive | Independent Member | 28.03.2019 | 1 year | Independent Board Member Member of the Corporate Governance Committee Member of the Committee for Early Detection of Risk Member of the Audit Committee Member of the Nomination Committee |
| Açlan Acar | Non-Executive | Independent Member | 25.03.2021 | 1 year | Independent Board Member Member of the Corporate Governance Committee Member of the Audit Committee |
| Tevfik Kınık | Non-Executive | Independent Member | 25.03.2021 | 1 year | Independent Board Member Member of the Committee for Early Detection of Risk Member of the Audit Committee |
| Elif Bilgehan Müftüoğlu | Non-Executive | Independent Member | 25.03.2021 | 1 year | Independent Board Member Member of the Audit Committee |

Tevfik BİLGİN (Chairman of the Board of Directors)

Tevfik Bilgin graduated from Middle East Technical University Faculty of Economics and Administrative Sciences Department of Public Administration. He received his Master's Degree from Department of Business Administration of Iowa University, USA (MBA). He worked as a Sworn Bank Auditor between 1992 and 2001 and as the Assistant Financial Coordinator Responsible for Finance Companies at Anadolu Endüstri Holding between 2001 and 2003. In 2003, he was appointed as the General Manager of T. Halk Bankası, and elected as the Chairman of BRSA and SDIF in December 2003. He was re-elected as the chairman of BRSA in 2006 for 6 years, and served in this position until 2012.

Fikret ESKİYAPAN (Member)

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

Mehmet ESKİYAPAN (Member)

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

Nurcan YURTBİLİR (Member)

She was born in 1947 in Ankara. She started her business career after graduating from TED Ankara College. She served as a board member at Nuh Ticaret Sanayi A.Ş. She currently serves as a board member in Nuh Group Companies.

Sinan YURTBİLİR (Member)

He was born on September 9, 1958 in Ankara, and completed his primary, secondary and high school education in TED Ankara College. Following his undergraduate education at University of Texas El Paso in Business Administration, he completed his master's degree in finance at University of New Heaven. He worked in Yapı Kredi Bankası, Alarko and Emlak Bankası. Thereafter, he established his own import-export company and started his commercial life. He currently works in the real estate sector.

Ahmet Faik PARALI (Member)

He was born in 1953 in Denizli, and completed his secondary and high school education in Tarhan College. He serves as chairman and member of the Board of Directors of 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. and Şark Sanayi Kumpanyası T.A.Ş.

Muharrem ESKİYAPAN (Member)

He was born in 1981 in Ankara. After having completed his secondary and high school education in Private Marmara College in Türkiye, he completed his undergraduate education in the Department of Economics at Florida Atlantic University. He started his business career in 2004 by establishing Nuhdem Plastik A.Ş., and he currently serves as a Board Member in the same company. He established the production facility of Europolymer LLC in Middle East, and he currently serves as a Board Member in this company. He is also a founding and managing partner of Polimernet Plastik and Nuh Kompozit in Türkiye.

Rahmi ÇUHACI (Member)

He was born in 1972 in Malatya. He completed his high school education in Private Boğaziçi High School. He took his Master's Degree in Business Administration and Economics at Franklin University in Switzerland. Afterwards, he completed his Master's Degree in Maritime Management and International Transportation at the University of Wales - United Kingdom. He established İlhan Uluslararası Taşımacılık ve Metal Tic.Ltd. Şti. in 1996, and he currently serves as the Chairman of the Board of Directors of this company (Ilhan Trading Ltd). The company has branches in Istanbul, Miami, Dubai and Lugano. From 2015 to 2017, he served as the Chairman of the Board of Directors of Turkish Young Businessmen Association (TÜGİAD) and as president of G20 Young Entrepreneurs'. He is a shareholder of Getir Perakende Lojistik A.Ş. He also is a member of TÜSİAD and MİAD. He speaks English and Italian.

Yılmaz KÜÇÜKÇALIK (Member)

He was born in 1963 in Kayseri. He completed his secondary education at Private Saint Benoit French High School, and his undergraduate education at Yıldız Technical University in Industrial Engineering in 1983. Today, he serves as the Deputy Chairman of the Board of Directors of Küçükçalık Group. He is also the Chairman of the Board of Directors of Lüks Kadife A.Ş., and a Board Member of Emintaş Emlak İnşaat A.Ş., Kent Meydanı AVM and Nuh Çimento San. A.Ş.

Vahdettin ERTAŞ (Independent Member)

He graduated from Ankara University, Faculty of Political Sciences, in 1987. He completed his Master's Degree in Business Administration at Hacettepe University in 1991. He received his MBA degree in 1996 in England from Lancaster University, and his PhD in 2012 from the Department of Business Administration in Hacettepe University. After having graduated from the Faculty of Political Sciences, he passed the Assistant Expert exam held by the Capital Markets Board (CMB) in the same year. He became an Expert in 1991, and was appointed as the Head of Department of Institutional Investors, which regulates and carries out the businesses and transactions of investment funds and partnerships, real estate funds and partnerships, venture capital funds and partnerships and private pension funds. From 2002 to April 2005, he served as the Head of Department of Finance, which regulates and carries out the activities and transactions of publicly held companies, such as public offerings, issuances of bonds and similar capital market instruments, mergers, split-ups and calls. From 2005 to 2006, he served as the Chairman of the Gold Exchange. He was appointed as a Board Member to the Capital Markets Board in December 2006, and after having completed his term of office of six years as a Board Member, he was appointed as the Chairman of the Board in December 2012. He completed his term of office of five years as the Chairman in 2017. During his term of office, he served as a Member of the Tax Council, a Board Member of Turkish Catastrophe Insurance Pool (TCIP), the Chairman of the Board of Directors of the Investor Compensation Fund, and the Chairman of the forum incorporates the capital markets regulatory authorities of Islamic Countries for five years. He currently serves as a board member of Turkish Commodity Exchange and as an independent board member and advisor in different private sector corporations.

İsmail KÖKSAL (Independent Member)

He was born in 1962 in Afyonkarahisar. He graduated from Afyon High School in 1980, and the Faculty of Economics and Administrative Sciences at Bursa Uludağ University in 1984. He studied in the United Kingdom in 1990-1991. He completed Public Administration and European Union program at the Royal Institute of Public Administration. He completed his Master's Degree in the Social Sciences Institute at Gazi University in 1992. He completed his doctoral qualification exam at Gazi University, Institute of Social Sciences in 1995. He passed the Assistant Specialist exam held by Prime Minister's Office and started to work as an Assistant Specialist in 1986. He completed his dissertation and passed the qualification exam, and received the title of Prime Ministry Specialist in 1989. He worked in the Prime Minister's Office until 1996. Thereafter, he served as the Deputy Chairman of the Prime Ministry Family Research Institution from 1996 to 1998, as a Deputy Undersecretary of the Ministry of Tourism from 1999 to 2002, as the Chairman of the Board of Directors of Istanbul Lutfi Kırdar International Convention Center from 1999 to 2001, as the Member of the Public Procurement Board from 2002 to 2003, as the Secretary General of the Union of Chambers and Commodity Exchanges of Türkiye from 2003 to 2010, as an Undersecretary of Foreign Trade and as a Board Member of Turkish Export Promotion Center from 2003 to 2009, as a Budget Committee Member of the Association of European Chambers of Commerce and Industry from 2005 to 2009, and as a Member of the Board of Trustees of TOBB Economy and Technology University from 2006 to 2009, and retired from the Prime Minister's Office in 2015.

Aclan ACAR (Independent Member)

Started his career in 1974 in Halk Bankası, Aclan Acar continued his banking career in the Central Bank of the Republic of Türkiye starting from 1978, and worked in various departments of this institution until 1990. During this period, Aclan Acar served in the establishment of a trading room, management of domestic open market transactions center as well as the restructuring and management of the foreign exchange transactions activities of the Department of Treasury and Money Markets of the Central Bank. From September 1990 to December 2018, he worked in Doğu Group. His first job in the Group was the Deputy General Manager of Treasury and Financial Institutions in Garanti Bankası. In this period, Aclan Acar was also responsible for the management of foreign branches and representation offices of Garanti Bankası. From 1994 to 1996, he served as the General Manager of Bank Ekspres, which was purchased by Doğu Group. After Osmanlı Bankası was purchased by Doğu Group in June 1996, he was appointed as the General Manager of the Bank. Starting from April 2000, he served as a Board Member and Executive Committee Member of Doğu Holding A.Ş. He was appointed as the Chairman of the Board of Directors of TANSAS as of 2001, and his term of office ended in 2005 when TANSAS separated the Group. Aclan Acar served as a board member in many corporations of the group and as the Chairman of the Board of Directors of Garanti Sigorta A.Ş. and Garanti Emeklilik A.Ş. from 2002 to 2006. He held office as the Chairman of the Board of Directors of Doğu Otomotiv Servis Ticaret A.Ş. and Doğu Oto Pazarlama A.Ş. from February 2006 to March 2018. From March 2018 to December 2018, he served as the Chairman of the Board of Directors and CEO of Doğu Media Group. He established his own advisory company in 2019, and since March 2019, he serves as a Board Member of Türk Telekom, as a board member of QUA Granit A.Ş. and as an advisor of Global Exchange A.Ş. Acar is also a member of the Board of Trustees of TKYD, TÜYİD, YKKD, TED Advisory Board, TED University and TED Istanbul College. Having graduated from Business Administration and Accounting Department of Ankara Faculty of Economics and Commercial Sciences, Aclan Acar completed his Master's Degree in Banking and Insurance in the same faculty. He also took a Master's Degree in Economics at Vanderbilt University in Nashville, Tennessee, USA in the 1985-1986 academic year.

Tevfik KINIK (Independent Member)

He graduated from Ankara University, Faculty of Political Sciences, and completed his master's degree in Harvard University. He started his professional life in 1999 in the Capital Markets Board (CMB), and held office in CMB as the Head of Department of Institutional Investors and as the Deputy Chairman of the Board. Thereafter, he worked in Aktif Bank as the deputy general manager of capital markets and credits, and as the founding general of Simah Rating'de (Tassnief), which is the first local credit rating agency. After that he served as CEO of Demirören Holding. He currently serves as a Board Member of BtcTurk as well as an independent board member of Türkiye Securitization Company and Nuh Çimento A.Ş.

Elif Bilgehan MÜFTÜOĞLU (Independent Member)

She was born in 1974 in Ankara. She completed her bachelor's degree in the Department of Geological Engineering at Middle East Technical University, and master's degree in Geological High Technology Applications at Cincinnati University in the USA. After working on Satellite Image Processing and Geographical Information Systems in the USA, she returned to Türkiye and started to work as a network manager in the information processing department of the State Supply Office of the Ministry of Treasury and Finance. She took part in the establishment of the e-tender and e-supply systems of the Office. From 2007 to 2010, she worked as a project manager in the Software Development Department of TOBB. She assumed responsibility in the e-Trade Registry and Trade Registry Gazette e-Archive project, and she carried out technical examinations for applicable and draft legislation on e-trade application, R&D project incentives in the e-communication sector, e-notification and protection of personal data. From 2010 to 2014, she worked as a member of the TOBB working group in the Technical Committee of the Improvement of the Investment Environment Coordination Board, the Intellectual Property Rights and R&D. She was responsible for the preparation and implementation of action plans to capitalize on the R&D capacity of the private sector, in line with existing policies and the needs of the private sector. During this period, she took an MBA degree from TOBB Economy and Technology University with the graduation project of "Economic Analysis of Technology Transfer". She serves as the General Manager of GS1 Türkiye since October 2014. Being one of the member organizations located in 115 countries of GS1 International Standards Organization based in Belgium, GS1 Türkiye offers the standards and solutions created to increase the efficiency of operations in the supply chain and to ensure traceability in the chain to the use of companies in our country, and is also a part of the GS1 Europe Regional Forum consists of 49 member organizations. She was first elected as the General Manager of GS1 Türkiye in 2016 to the Board of Directors of the European Region consisting of 12 countries and elected as the Vice President of the European Region in 2020. Elif Müftüoğlu, who currently serves as the General Manager of GS1 Türkiye and Vice President of GS1 Europe Region, is also a member of the board of directors of GDSN Inc, a subsidiary company of GS1 Head Office registered in Delaware, USA as of the first quarter of 2021, and an independent member of the board of directors of Nuh Çimento A.Ş. She is also a member of Turkish Informatics Association and SpaceTURK-Space Researches working group.

STATEMENT OF INDEPENDENCE

I hereby declare that I am a candidate to serve as an "Independent Member" in the Board of Directors of Nuh Çimento Sanayi A.Ş. (the Company) within the scope of the criteria set out in the relevant legislation, the articles of association and Corporate Governance Principles Communiqué of the Capital Markets Board, and in this context;

a) There is no employment relationship in a managerial position that will assume important duties and responsibilities in the last five years, between the Company, Company partnerships in which the Company has management control or significant influence, partners who hold the management control of the Company or who have significant influence in the Company, and legal entities over which these partners have management control, and myself, my wife and my relatives by blood and marriage up to the second degree; and I do not own jointly or individually, more than 5% of the capital or voting rights or preferred shares or that there is no significant commercial relationship,

b) I have not served as a partner (5% or more), an employee in managerial positions who will undertake important duties and responsibilities, or a board member in the last five years especially in the audit of the Company (including tax audit, legal audit, internal audit), rating and consultancy, in companies where the Company purchases or sells significant services or products within the framework of the agreements made, during the periods when the service or product is purchased or sold,

c) I have the professional educational background, knowledge, and experience to fulfill the duties I will undertake as an independent member of the board of directors,

ç) I do not, and will not, work full-time in public institutions and organizations after being selected as a member, excluding university lecturing staff provided that it complies with the applicable legislation,

d) I am a resident of Türkiye according to the Income Tax Law No. 193 of 31/12/1960,

e) I have strong ethical standards, professional reputation, and experience that can contribute positively to the company's activities, maintain my impartiality in conflicts of interest between the Company and the shareholders, and decide freely by considering the rights of the stakeholders,

f) I will be able to allocate time to Company affairs to follow the functioning of the Company's activities and fully fulfill the requirements of the duties I have undertaken,

g) I have not served as a member of the board of directors of the Company for more than six years in the last ten years,

ğ) I have not served as an independent member of the board of directors in more than three of the companies in which the Company or the shareholders holding the management control of the Company and in more than five of the companies traded in the stock exchange in total,

h) I have not been registered and announced on behalf of the legal entity elected as a member of the board of directors.
January 20, 2022

Vahdettin ERTAŞ



STATEMENT OF INDEPENDENCE

I hereby declare that I am a candidate to serve as an "Independent Member" in the Board of Directors of Nuh Çimento Sanayi A.Ş. (the Company) within the scope of the criteria set out in the relevant legislation, the articles of association and Corporate Governance Principles Communiqué of the Capital Markets Board, and in this context;

- a) There is no employment relationship in a managerial position that will assume important duties and responsibilities in the last five years, between the Company, Company partnerships in which the Company has management control or significant influence, partners who hold the management control of the Company or who have significant influence in the Company, and legal entities over which these partners have management control, and myself, my wife and my relatives by blood and marriage up to the second degree; and I do not own jointly or individually, more than 5% of the capital or voting rights or preferred shares or that there is no significant commercial relationship,
- b) I have not served as a partner (5% or more), an employee in managerial positions who will undertake important duties and responsibilities, or a board member in the last five years especially in the audit of the Company (including tax audit, legal audit, internal audit), rating and consultancy, in companies where the Company purchases or sells significant services or products within the framework of the agreements made, during the periods when the service or product is purchased or sold,
- c) I have the professional educational background, knowledge, and experience to fulfill the duties I will undertake as an independent member of the board of directors,
- ç) I do not, and will not, work full-time in public institutions and organizations after being selected as a member, excluding university lecturing staff provided that it complies with the applicable legislation,
- d) I am a resident of Türkiye according to the Income Tax Law No. 193 of 31/12/1960,
- e) I have strong ethical standards, professional reputation, and experience that can contribute positively to the company's activities, maintain my impartiality in conflicts of interest between the Company and the shareholders, and decide freely by considering the rights of the stakeholders,
- f) I will be able to allocate time to Company affairs to follow the functioning of the Company's activities and fully fulfill the requirements of the duties I have undertaken,
- g) I have not served as a member of the board of directors of the Company for more than six years in the last ten years,
- ğ) I have not served as an independent member of the board of directors in more than three of the companies in which the Company or the shareholders holding the management control of the Company and in more than five of the companies traded in the stock exchange in total,
- h) I have not been registered and announced on behalf of the legal entity elected as a member of the board of directors.

İsmail KÖKSAL



STATEMENT OF INDEPENDENCE

I hereby declare that I am a candidate to serve as an "Independent Member" in the Board of Directors of Nuh Çimento Sanayi A.Ş. (the Company) within the scope of the criteria set out in the relevant legislation, the articles of association and Corporate Governance Principles Communiqué of the Capital Markets Board, and in this context;

- a) There is no employment relationship in a managerial position that will assume important duties and responsibilities in the last five years, between the Company, Company partnerships in which the Company has management control or significant influence, partners who hold the management control of the Company or who have significant influence in the Company, and legal entities over which these partners have management control, and myself, my wife and my relatives by blood and marriage up to the second degree; and I do not own jointly or individually, more than 5% of the capital or voting rights or preferred shares or that there is no significant commercial relationship,
- b) I have not served as a partner (5% or more), an employee in managerial positions who will undertake important duties and responsibilities, or a board member in the last five years especially in the audit of the Company (including tax audit, legal audit, internal audit), rating and consultancy, in companies where the Company purchases or sells significant services or products within the framework of the agreements made, during the periods when the service or product is purchased or sold,
- c) I have the professional educational background, knowledge, and experience to fulfill the duties I will undertake as an independent member of the board of directors,
- ç) I do not, and will not, work full-time in public institutions and organizations after being selected as a member, excluding university lecturing staff provided that it complies with the applicable legislation,
- d) I am a resident of Türkiye according to the Income Tax Law No. 193 of 31/12/1960,
- e) I have strong ethical standards, professional reputation, and experience that can contribute positively to the company's activities, maintain my impartiality in conflicts of interest between the Company and the shareholders, and decide freely by considering the rights of the stakeholders,
- f) I will be able to allocate time to Company affairs to follow the functioning of the Company's activities and fully fulfill the requirements of the duties I have undertaken,
- g) I have not served as a member of the board of directors of the Company for more than six years in the last ten years,
- ğ) I have not served as an independent member of the board of directors in more than three of the companies in which the Company or the shareholders holding the management control of the Company and in more than five of the companies traded in the stock exchange in total,
- h) I have not been registered and announced on behalf of the legal entity elected as a member of the board of directors.

January 20, 2022

Aclan ACAR



STATEMENT OF INDEPENDENCE

I hereby declare that I am a candidate to serve as an "Independent Member" in the Board of Directors of Nuh Çimento Sanayi A.Ş. (the Company) within the scope of the criteria set out in the relevant legislation, the articles of association and Corporate Governance Principles Communiqué of the Capital Markets Board, and in this context;

- a) There is no employment relationship in a managerial position that will assume important duties and responsibilities in the last five years, between the Company, Company partnerships in which the Company has management control or significant influence, partners who hold the management control of the Company or who have significant influence in the Company, and legal entities over which these partners have management control, and myself, my wife and my relatives by blood and marriage up to the second degree; and I do not own jointly or individually, more than 5% of the capital or voting rights or preferred shares or that there is no significant commercial relationship,
- b) I have not served as a partner (5% or more), an employee in managerial positions who will undertake important duties and responsibilities, or a board member in the last five years especially in the audit of the Company (including tax audit, legal audit, internal audit), rating and consultancy, in companies where the Company purchases or sells significant services or products within the framework of the agreements made, during the periods when the service or product is purchased or sold,
- c) I have the professional educational background, knowledge, and experience to fulfill the duties I will undertake as an independent member of the board of directors,
- ç) I do not, and will not, work full-time in public institutions and organizations after being selected as a member, excluding university lecturing staff provided that it complies with the applicable legislation,
- d) I am a resident of Türkiye according to the Income Tax Law No. 193 of 31/12/1960,
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- ğ) I have not served as an independent member of the board of directors in more than three of the companies in which the Company or the shareholders holding the management control of the Company and in more than five of the companies traded in the stock exchange in total,
- h) I have not been registered and announced on behalf of the legal entity elected as a member of the board of directors.

January 20, 2022

Tevfik KINIK

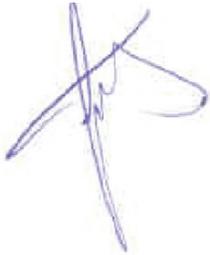


STATEMENT OF INDEPENDENCE

I hereby declare that I am a candidate to serve as an "Independent Member" in the Board of Directors of Nuh Çimento Sanayi A.Ş. (the Company) within the scope of the criteria set out in the relevant legislation, the articles of association and Corporate Governance Principles Communiqué of the Capital Markets Board, and in this context;

- a) There is no employment relationship in a managerial position that will assume important duties and responsibilities in the last five years, between the Company, Company partnerships in which the Company has management control or significant influence, partners who hold the management control of the Company or who have significant influence in the Company, and legal entities over which these partners have management control, and myself, my wife and my relatives by blood and marriage up to the second degree; and I do not own jointly or individually, more than 5% of the capital or voting rights or preferred shares or that there is no significant commercial relationship,
- b) I have not served as a partner (5% or more), an employee in managerial positions who will undertake important duties and responsibilities, or a board member in the last five years especially in the audit of the Company (including tax audit, legal audit, internal audit), rating and consultancy, in companies where the Company purchases or sells significant services or products within the framework of the agreements made, during the periods when the service or product is purchased or sold,
- c) I have the professional educational background, knowledge, and experience to fulfill the duties I will undertake as an independent member of the board of directors,
- ç) I do not, and will not, work full-time in public institutions and organizations after being selected as a member, excluding university lecturing staff provided that it complies with the applicable legislation,
- d) I am a resident of Türkiye according to the Income Tax Law No. 193 of 31/12/1960,
- e) I have strong ethical standards, professional reputation, and experience that can contribute positively to the company's activities, maintain my impartiality in conflicts of interest between the Company and the shareholders, and decide freely by considering the rights of the stakeholders,
- f) I will be able to allocate time to Company affairs to follow the functioning of the Company's activities and fully fulfill the requirements of the duties I have undertaken,
- g) I have not served as a member of the board of directors of the Company for more than six years in the last ten years,
- ğ) I have not served as an independent member of the board of directors in more than three of the companies in which the Company or the shareholders holding the management control of the Company and in more than five of the companies traded in the stock exchange in total,
- h) I have not been registered and announced on behalf of the legal entity elected as a member of the board of directors. January 20, 2022

Elif Bilgehan MÜFTÜOĞLU



Assessment of the Board of Directors Regarding the Working Principles and Effectiveness of the Board Committees

In accordance with the Corporate Governance Principles no. II-17.1 of the Capital Markets Board entered into force after being published on January 3, 2014, in order to ensure that the duties and responsibilities of the Board of Directors are fulfilled in a healthy manner, with the resolution no. 1702 dated April 14, 2021, it was decided to establish the following committees to report to the Board of Directors:

- The Corporate Governance Committee consisting of seven members, Mr. Vahdettin Ertaş as the chairman and Mr. İsmail KÖKSAL, Mr. Aclan Acar, Mr. Mehmet Eskiyan, Mr. Sinan Yurtbilir, Mr. Rahmi Çuhacı and Mrs. Serap Aktaş as members,
- The Early Detection of Risk Committee consisting of five members, Mr. Vahdettin Ertaş as the chairman and Mr. İsmail Köksal, Mr. Tevfik Kınık, Mr. Ahmet Faik Paralı and Mr. Muharrem Eskiyan as members,
- The Audit Committee consisting of five members, Mr. Vahdettin Ertaş as the chairman and Mr. İsmail Köksal, Mr. Tevfik Kınık, Mr. Aclan Acar and Mrs. Elif Bilgehan Müftüoğlu as members,
- The Nomination Committee consisting of five members, Mr. Vahdettin Ertaş as the chairman and Mr. İsmail Köksal, Mr. Fikret Eskiyan, Mr. Mehmet Eskiyan and Mr. Sinan Yurtbilir as members,

Board Committees' activities during the year;

- The Corporate Governance Committee convened twice in 2021 on March 2, 2021 and on March 24, 2021.
- The Early Detection of Risk Committee convened six times in 2021 on March 2, 2021, March 24, 2021, May 26, 2021, September 22, 2021, November 24, 2021 and December 21, 2021.
- The Audit Committee convened five times in 2021 on March 2, 2021, March 2, 2021, May 10, 2021, August 19, 2021 and November 9, 2021.
- The Nomination Committee did not hold a meeting in 2021.

The Board Committees submitted their reports to the Board containing information on 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 were utilized.

Corporate Governance Committee

The Corporate Governance Committee is constituted in accordance with the Capital Markets Board's Communiqué on Corporate Governance Principles to monitor the Company's compliance with corporate governance principles, to carry out improvement actions in this regard and to submit proposals to the Board of Directors. Currently it has 7 members, one of whom is the chairman. The Committee meets as often as required by the task assigned to it. It convened twice in 2021. At its meetings, the Committee checked the Corporate Governance Principles Compliance Report, reviewed the activities of the Investor Relations Department, evaluated whether the candidates for independent membership complied with the independence criteria and informed the Board of Directors on all these issues.

The Corporate Governance Committee performs the duties of the Remuneration Committee specified in the Corporate Governance Principles of the Capital Markets Board.

Audit Committee

The Audit Committee is constituted pursuant to the relevant provisions of the Capital Markets Board. It ensures that financial and operational activities are monitored in a healthy manner. The purpose of the Committee, which reports to the Board of Directors, is to monitor the financial and operational activities of the Company, to oversee and approve the accuracy and compliance of the annual and interim financial statements to be disclosed to the public with the accounting principles followed by the Company, to select the independent audit company, to prepare independent audit contracts and to initiate the independent audit process, to oversee 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 among the independent members of the Board of Directors. The Audit Committee held 5 meetings in 2021.

The Early Detection of Risk Committee

The Early Detection of Risk Committee is constituted pursuant to the relevant provisions of the Capital Markets Board. The Committee has been established to advise and make recommendations to the Board of Directors on the early detection and assessment of all kinds of risks that jeopardize the existence, development and continuity of the Company, the calculation of their impact and probability, the management and reporting of these risks in accordance with the Company's risk-taking profile, the implementation of the necessary measures regarding the risks identified, the consideration of these risks in decision-making mechanisms and the integration of effective internal control systems accordingly.

In 2021, the Committee reviewed the risk management systems, detected the risks to be accepted and managed in the Company, and supported the Board of Directors in determining the opportunities that may increase the effectiveness of the Company's activities. The Early Detection of Risk Committee convened 6 times in 2021.

Nomination Committee

Duties of the Nomination Committee are to assess the proposals for the independent board member candidates, taking into account whether the candidate meets the independence criteria, and to submit this assessment to the board of directors enclosed with a report, to carry out practices for creating a transparent system for the determination, assessment and training of candidates for the board of directors and executive manager positions, and for determining the policies and strategies in this respect, to make periodical assessments on the structure and efficiency of the board of directors, and to submit to the board of directors its recommendations related to the changes that can be made in this respect. The committee did not hold a meeting in 2021.

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

The company pays utmost attention to compliance with the Corporate Governance Principles of the Capital Markets Board (CMB) in its corporate governance practices, and discloses in the relevant sections of the Corporate Governance Compliance Report and the Corporate Governance Information Forum the reasons for non-compliance and the measures taken against conflicts of interest that may arise due to non-compliance with the principles. The purpose of implementation of these principles is to strengthen the trust of all the Company's beneficiaries.

Having adopted the corporate governance approach as a principle, the Company fully complies with the mandatory principles under the Communiqué on the Corporate Governance No. II-17.1 (Communiqué), and complies with the majority of the non-mandatory principles

While we aim at full compliance with non-mandatory Corporate Governance Principles as well, we have not achieved full compliance due to the difficulties encountered in implementation and the fact that some principles are not appropriate for the country conditions, the market and the current structure of the Company. Our Company has not received any information regarding any conflict of interest arising from non-compliance with the non-mandatory principles, and no such determination has been made by our Corporate Governance Committee. Administrative, legal and technical infrastructure work is ongoing for the principles that the Company has not been able to implement, and we plan to put them into practice when the work is completed.

Main non-mandatory Corporate Governance Principles that our Company has not been able to comply with are listed below.

- Donations and aids have been included in the agenda of the general assembly as a separate agenda item. The information document of the general assembly meeting held in 2021 contains the total amount and details of donations with the highest amounts (CGP 1.3.10)
- The shareholders who hold less than one-twentieth of the share capital are not granted minority rights, and they are provided with the rights enumerated in general regulations in the legislation. (CGP 1.5.2)
- The website has been prepared in accordance with the Corporate Governance Principles. The site is mostly organized in a way that foreign investors can use. (CGP 2.1.4)
- There is no policy or procedure published on the corporate website related to the rights of beneficiaries. (CGP 3.1.3)
- Participation of employees in management is not regulated by the articles of association or internal regulations. (CGP 3.2.1)
- Company does not have succession plans for all key management positions. (CGP 3.3.1)
- Informative meetings are held and trainings are carried out on health, training and occupational health and safety. (CGP 3.3.4)
- Ethical Codes of Conduct has been determined and published on the website. (CGP 3.5.1)
- The Company's Chairman of the Board of Directors and Chief Executive Officer are not the same person. But this is not specified in the articles of association. (CGP 4.2.5)
- No target or deadline has been set for the number of women members on the Board of Directors to be no less than 25%, and no policy has been established yet to achieve these targets. The board of directors includes one woman member. (CGP 4.3.9)
- It is essential that information and documents related to the matters to be discussed at the board meetings are sent to all members before the meeting. - However, there is no internal regulation for the minimum period. (CGP 4.4.2)
- All the board members are informed of the method of holding meetings of the board of directors at the beginning of the year. However, there is no written internal regulation for this specific issue. (CGP 4.4.5)
- Members of the Board of Directors may assume other duties or hold positions outside the Company. This issue is not subject to certain rules or limitations. (CGP 4.4.7)
- Due to the structure of the Board of Directors and the obligations imposed by the CMB Legislation, Board Members serve on more than one committee. (CGP 4.5.5)
- No special performance evaluation has been made at Board of Directors level. (CGP 4.6.1)
- In accordance with the Law No. 6698 on the Protection of Personal Data, remuneration paid to the members of the Board of Directors and executives is disclosed as a total amount, not on individual basis. (CGP4.6.5) The Corporate Governance Compliance Report 2021 (URF) and the Corporate Governance Information Form (KYBF), which were prepared in accordance with the Decision no. 2/49 dated 10.01.2019 of CMB and approved by the Board of Directors of Nuh Çimento, were disclosed to the public on the Public Disclosure Platform within the period deemed appropriate by CMB.

Information on Dividend Distribution Policy

Our Company determines dividend distribution in accordance with Capital Markets Regulations, Turkish Commercial Code, tax regulations and article 26 of the Company's Articles of Association. The Articles of Association contains no privilege related to participation in the Company's profit.

The date and manner of distribution of the annual profit to the shareholders shall be 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 proposal of the Company's Board of Directors related to dividend distribution is submitted for the information of shareholders every year at the General Assembly as a separate agenda item. The dividend distribution policy and the annual dividend distribution proposal which contains the details set forth in the Corporate Governance Principles of CMB are included in the annual report, submitted for the information of shareholders at the General Assembly, and disclosed to the public on our Company's website.

From the profit for the period recognized in the 2020 balance sheet prepared in accordance with the Tax Procedure Law (TPL), a dividend amounting to gross TL 225,320,400 was distributed to shareholders as gross 1.50 kurus per share as of March 30, 2021.

SENIOR MANAGERS

Kamil Gökhan BOZKURT / CEO

K. Gökhan Bozkurt, who was born in 1971, completed his undergraduate education in the Department of Economics at Bilkent University, and his Master's Degree in the Department of Economics at Johns Hopkins University (USA). From 1999 to 2003, he held various positions in international financial institutions. In 2003, he worked in Ziraat Bankası as the Head of Department of Foreign Relations and Subsidiaries Abroad, and as a Board Member of Ziraat Bankası Moscow and Ziraat Bankası International AG (Germany). From 2004 to 2006, he served as the Assistant General Manager in charge of Human Resources, Financial Institutions and International Banking at Türkiye Halk Bankası. He managed the merger of Halkbank and Pamukbank. He served in various senior positions as the Chairman of Halkbank Privatization Committee, as the Deputy Chairman of the Board of Directors of Birlik Sigorta and as the Deputy Chairman of the Board of Directors of KOBİ Girişim Sermayesi Yatırım Ortaklığı. He joined Türk Telekom in 2006 as the Human Resources Director, and served as the CEO of Türk Telekom starting from 2010. He successfully managed the transformation of Türk Telekom and its subsidiaries from a public company into an international and competitive private companies. He has been served as the CEO of Nuh Group of Companies since March 2013.

Halim TEKKEŞİN / General Manager

He was born in 1971 in Çankırı. He graduated from the Department of Chemistry Engineering of Middle East Technical University and from the Department of Foreign Trade of Anadolu University. He studied finance and business administration at Kocaeli University. He started his career as an operating engineer at Nuh Çimento Sanayi A.Ş. in 1995, then continued as a senior manager at AS Çimento Sanayi A.Ş., SC Endüstri A.Ş. and Nuh Yapı Ürünleri A.Ş., and finally as the General Manager of Aslan Çimento A.Ş. Apart from the construction materials such as Cement, Concrete, Lime, Autoclaved Aerated Concrete and Plaster, he also carried out professional works on renewable energy and generating energy from waste heat.

Ayhan İMAMOĞLU / CFO

He was born in 1969 in Germany. He graduated from Middle East Technical University, Department of Economics, in 1994. He worked at Alarko Taahhüt Group as the "Budget and Reporting Manager" from 1996 to 2001, at Alarko Holding A.Ş. as the "Group Budget, Planning and Financial Analysis Manager" in charge of the whole Group of Companies from 2002 to 2005, and at Petrol Ofisi A.Ş. as the "MİS, Budget and Financial Control Manager" from 2006 to 2009. From 2010 to 2013, he worked as the CFO of Rixos Hotels. He has a Certified Public Accountant certificate, and Holding, Construction/Contracting, Energy, Tourism, Real Estate and Industry sectors are among his areas of specialization. He has been served as the CFO of Nuh Çimento Group since October 2015.

RISK MANAGEMENT AND ASSESSMENT OF THE BOARD OF DIRECTORS

A. Risk Management

Nuh Çimento's main objectives in risk management are to anticipate, manage, and monitor potential risks and to create action plans necessary for the risk and crisis management in advance. The Company's Board of Directors, Early Detection of Risk Committee, Audit Committee and top management are regularly informed of risks. The Early Detection of Risk Committee held 6 meetings in 2021 and informed the Board of Directors.

The Early Detection of Risk Committee makes recommendations and proposals to the Board of Directors related to compliance with article 378 of Turkish Commercial Code no. 6102 entered into force on July 1, 2012, early detection, assessment, and calculation of the impact and likelihood of any risks that may affect the Company, management and reporting of these risks in accordance with the company's corporate risk appetite, taking necessary measures related to mitigating the impact and probability of the risks detected, and establishment of effective internal control systems accordingly.

The 3 main risk categories which may affect Nuh Çimento in achieving its targets and the actions taken in relation to those risks are summarized below.

Risk Categories of Nuh Çimento

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

1. Financial Risks

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

Foreign Exchange Risk: Nuh Çimento is exposed to foreign exchange risk due to imports of fuel, raw materials and machine spare parts. The Company protects itself against the negative effects of changes in foreign exchange rates through export agreements. In 2021, in cases where loans in foreign currency were obtained, deposits close to these loan amounts were kept in time deposit accounts. Net exchange position had a surplus as of December 31, 2021.

Interest Risk: The Company's main approach to interest rate risk management is to create a financial asset-liability portfolio with a balanced interest rate structure. In order to manage the interest rate risk, the amount, maturity and interest rates of interest rate sensitive assets and liabilities are monitored closely, and balanced in favor of the Company. The loan portfolio consists entirely of fixed interest rate loans. By following the periods in which the loan interests were low, the Company's loan portfolio was renewed.

Liquidity and Counterparty Risk: The main approach to liquidity risk management is to maintain adequate and timely resources to meet financial obligations. The Company currently has sufficient cash on hand to meet a significant portion of its short-term liabilities. Accounts receivables are monitored within the collateral limits and the days sales outstanding is monitored to ensure compliance with the days sales specified in the budget.

2. Operational Risks

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

Occupational Health & Safety and Environmental Risks: Environmental risks and occupational health and safety risks are among the areas that the Company pays special attention to and closely monitors. Operating in a sector with high risks of occupational accidents, Nuh Çimento's ISO 45001 Occupational Health and Safety Management System is continuously supported by training, implementation, auditing and improvement activities. The Company ensures that its employees are continuously informed about occupational safety, that the amendments to the legislation are communicated across the whole organization, that the OHS statistics are continuously included in the company's goals, and that the number of audits, near-miss incident reports and number of non-compliances are prioritized, regular site audit reports is issued and analyses such as technical analyses which investigate how accidents occurred instead of why they occurred are made.

Global climate change is among the most important environmental problems in the world. The destructive results of this environmental disaster which is referred to as global warming are affecting the whole world. In 2021, floods, hurricanes and drought, which caused the death and displacement of millions of people throughout the world, occurred also in those places not responsible for the climate change. It is also known that the mucilage which impacted Marmara Sea was caused by global climate change and waste dumped into the sea. Environmental risks have become more important under these conditions. We manage our environmental activities within the scope of our Environmental Management System and Policy. We calculate our emissions in accordance with the Regulation on the Monitoring of Greenhouse Gas Emissions and the Communiqué on Monitoring and Reporting of Greenhouse Gas Emissions. Environmental permits and licenses required to continue our operations are kept up to date. At Nuh Çimento's facilities, we ensure that our wastes are disposed of through various methods such as energy recovery, material recovery, recycling and landfilling. **Information Security:** Department of Information Technologies, business process managers, auditors and legal departments work closely together to identify critical information systems values. We periodically perform backups and take measures to prevent loss of corporate information. The Company has ISO 27001 Information Security Management System certificate since 2016. The findings of regular internal and external audits are monitored, corrective actions are planned and risk mitigation activities are carried out.

External Risks: The Company also carries out studies on external risks such as risks arising from natural disasters, national and international economic risks and political risks it may be exposed to during its operations. For possible natural disaster risks that we may encounter, emergency and business continuity plans are prepared, and drills are performed to minimize the risks that may arise in emergencies and to make an intervention with such methods achieving the goal. In addition to these, assets were insured against natural disaster risks. In 2021, in order to prevent Covid-19 pandemic from spreading among employees, measures were taken in all the areas used by employees. In addition, activities carried out collectively were postponed.

3. Strategic Risks

Nuh Çimento's strategic risks consist of the sales, supply chain, investment, project and compliance risks, which may prevent the realization of the Company's short, mid and long-term strategies.

Legal risks and opportunities are evaluated and monitored by management and legal advisors in terms of compliance with applicable laws, regulations and standards. In order to minimize the risks arising from legal disputes due to insufficient or inaccurate information or the failure of the personnel to fulfill these obligations on time, the relevant departments are informed through their internal hierarchy.

In order to prevent the adverse impacts of customer preferences, international standards are monitored.

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 compliance with the Company's policies, assets are protected, errors and fraud are detected and prevented, accounting records are complete and accurate, reliable financial information is prepared in a timely manner and the Company achieves its objectives.

The Company has an Internal Audit Department reporting to the Board of Directors. Internal Audit Department carries out regular audit activities within the framework of the duties assigned to it, and findings of these audits are immediately included in the agenda and necessary corrective measures are implemented.

The Audit Committee, which is a sub-committee of the Company's Board of Directors, periodically monitors all the internal control and audit activities, and reviews and approves the annual audit plans. The Committee makes the necessary recommendations to the Board of Directors and gives its opinion on the appropriateness of the financial reports.

Accounting books and financial statements are reviewed by the Audit Committee and the Group Audit Presidency, and are also audited by the independent audit company DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Deloitte Touche Tohmatsu Limited).

OTHER DISCLOSURES REQUIRED BY LAW

Information on the transactions conducted by the board members with the Company on their own behalf or on behalf of third parties within the framework of the authorization granted by the Company General Assembly, and their activities within the scope of the prohibition of competition

The Company's Board Members have not carried out any transaction with the company and did not engage in any business ventures that would compete with the Company in the same fields of activity.

Amendments to the articles of association made during the period

Article 4 titled "Head Office and Branches of the Company", Article 7 titled "The Board of Directors and Compliance With the Corporate Governance Principles", and Article 16 titled "Meeting Venue" of the Company's Articles of Association were amended with the permission no. E-29833736-110.03.03-1298 dated 04.02.2021 of the Capital Markets Board and the permission no. E-5003591-431.02-00061392680 dated 11.02.2021 of the Ministry of Commerce.

Information on the acquisition of own shares by the Company

None.

Explanations on the private audit and public audit conducted during the accounting period

None.

Explanations on the administrative and judicial sanctions imposed on the company and board members due to practices that are contrary to legislative provisions

There are no administrative and judicial sanctions imposed on the Company and members of the management body due to practices that are contrary to legislative provisions.

Information and evaluations on whether the targets defined in the previous periods were achieved, whether the resolutions of General Assembly were fulfilled, and if the targets were not achieved or the resolutions were not fulfilled, the reasons thereof

The budget targets set in the previous periods were achieved and the general assembly resolutions were fulfilled.

Information on the extraordinary general assembly meeting held during the year

The extraordinary general assembly meeting convened on March 10, 2021 to amend the articles of association. At the Extraordinary general assembly meeting; Article 4 titled "Head Office and Branches of the Company", Article 7 titled "The Board of Directors and Compliance with the Corporate Governance Principles", and Article 16 titled "Meeting Venue" of the Company's Articles of Association were amended with the permission no. E-29833736-110.03.03-1298 dated 04.02.2021 of the Capital Markets Board and the permission no. E-5003591-431.02-00061392680 dated 11.02.2021 of the Ministry of Commerce.

Transactions with Related Parties

The Company enters into transactions with its subsidiaries for the purchase and sale of goods and services and these transactions are carried out in accordance with the arm's length principle. Buying and selling decisions are made by taking into account the volume of transactions and the continuity of the business and by reviewing the market prices, quality and delivery possibilities.

In 2021, the amount of goods and services we sold to our subsidiary Nuh Beton A.Ş. is TL 98,659,944.

In 2021, the amount of goods and services we sold to our subsidiary Nuh Yapı Ürünleri A.Ş. is TL 44,712,434.

These sales of goods and services are not common and continuous transfers of assets, services and liabilities which may be considered within the meaning of the Capital Markets Board Communiqué No. II-17.1. These transactions were carried out in accordance with the arm's length principle.

Determination and assessment of the board of directors on whether the company has insufficient capital reserves or whether the company is insolvent

The Company has sufficient capital reserves and it is solvent.

Measures to be taken to improve the financial structure of the Company

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

Remarks on events of particular importance that occurred after the end of the fiscal year and that may affect the rights of shareholders, creditors and other related persons and organizations

None.

Amendments to the legislation which might significantly affect the Company's activities

None.

If the share capital of a capital company has shares that reach the limits set by the legislation or if its shares fall below these limits, and the reason for it

There is no change in 2021 which reached or dropped below these limits..

Information on the shares of the Group companies in the capital of the parent company

The Group companies do not have any share in the capital of the parent company.

(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 2021, 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 2021, 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.

| Key Audit Matter | How the matter was addressed in the audit |
|--|--|
| <p>Revenue recognition</p> <p>The Group management takes into account the 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"> • The design and implementation of the controls on the revenue process have been evaluated. The Group's sales and delivery procedures have been analyzed. • Terms of trade and delivery with respect to contracts made with customers have been examined and the timing of revenue recognition in the financial statements for the different shipment arrangements has been assessed. • For substantive procedures, we focused on 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. Sales lists have been provided from the relevant departments. The control of the completeness and accuracy of these lists have been tested. <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 1 March 2022.

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 2021 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.

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



Ali Çiçekli
Partner

Istanbul, 1 March 2022

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NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

(Amounts expressed in Turkish Lira (TL))

| | Notes | Current Period 31 December 2021 | Prior Period 31 December 2020 |
|---|-------|---------------------------------------|-------------------------------------|
| ASSETS | | | |
| Current Assets | | 1,648,247,014 | 959,007,964 |
| Cash and Cash Equivalents | 34 | 553,884,272 | 464,468,206 |
| Financial Investments | 29 | 7,767,675 | 4,306,566 |
| Trade Receivables | 6 | 424,520,781 | 309,937,222 |
| <i>Trade Receivables from Related Parties</i> | 5 | 17,800 | 73,813 |
| <i>Trade Receivables from Third Parties</i> | | 424,502,981 | 309,863,409 |
| Other Receivables | 7 | 54,775,851 | 4,646,379 |
| <i>Other Receivables from Third Parties</i> | | 54,775,851 | 4,646,379 |
| Derivative Instruments | 29 | - | 1,107,891 |
| Inventories | 9 | 434,301,351 | 145,089,396 |
| Prepaid Expenses | 10 | 109,183,396 | 12,598,373 |
| Current Tax Assets | 27 | 199,957 | 612,327 |
| Other Current Assets | 8 | 63,613,731 | 16,241,604 |
| Non-Current Assets | | 1,824,989,003 | 1,559,113,608 |
| Trade Receivables | | 9,224,625 | - |
| <i>Trade Receivables from Third Parties</i> | 6 | 9,224,625 | - |
| Other Receivables | | 2,039,034 | 1,832,476 |
| <i>Other Receivables from Third Parties</i> | 7 | 2,039,034 | 1,832,476 |
| Financial Investments | 29 | 528,950,900 | 588,060,658 |
| Investment Properties | 11 | 193,887,280 | 198,829,747 |
| Property, Plant and Equipment | 12 | 804,057,072 | 682,194,295 |
| Right of Use Assets | 14 | 22,111,254 | 22,448,996 |
| Intangible Assets | | 42,956,443 | 43,518,995 |
| <i>Goodwill</i> | 15 | 17,348,274 | 17,348,274 |
| <i>Other Intangible Assets</i> | 13 | 25,608,169 | 26,170,721 |
| Prepaid Expenses | 10 | 31,130,998 | 4,233,110 |
| Deferred Tax Asset | 27 | 186,196,931 | 14,828,161 |
| Other Non-Current Assets | 8 | 4,434,466 | 3,167,170 |
| TOTAL ASSETS | | 3,473,236,017 | 2,518,121,572 |

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 2021

(Amounts expressed in Turkish Lira (TL))

| | Notes | Current Period 31 December 2021 | Prior Period 31 December 2020 |
|---|-------|---------------------------------------|-------------------------------------|
| LIABILITIES AND EQUITY | | | |
| Current Liabilities | | 844,945,772 | 498,110,334 |
| Short-Term Borrowings | 29 | 248,000,000 | 155,513,285 |
| Short-Term Portions of Long-Term Borrowings | 29 | 159,639,079 | 26,942,843 |
| Lease Liabilities | 29 | 1,943,928 | 4,169,226 |
| Trade Payables | 6 | 269,988,577 | 221,230,155 |
| <i>Trade Payables to Third Parties</i> | | <i>269,988,577</i> | <i>221,230,155</i> |
| Payables Related to Employee Benefits | 17 | 9,527,928 | 8,166,962 |
| Other Payables | 7 | 22,389,733 | 11,053,672 |
| <i>Other Payables to Third Parties</i> | | <i>22,389,733</i> | <i>11,053,672</i> |
| Deferred Income | 10 | 61,355,041 | 22,023,791 |
| Current Income Tax Liability | 27 | 46,001,093 | 20,434,551 |
| Short-Term Provisions | | 25,803,966 | 24,340,566 |
| <i>Short-Term Provisions for Employee Benefits</i> | 17 | <i>5,864,583</i> | <i>4,145,572</i> |
| <i>Other Short-Term Provisions</i> | 16 | <i>19,939,383</i> | <i>20,194,994</i> |
| Other Short-Term Provisions | 18 | 296,427 | 4,235,283 |
| Non-Current Liabilities | | 456,440,210 | 221,125,586 |
| Long-Term Liabilities | 29 | 312,655,357 | 115,529,000 |
| Lease Liabilities | 29 | 23,044,387 | 18,558,230 |
| Long-Term Provisions | | 75,241,310 | 55,736,322 |
| <i>Long-Term Provisions for Employee Benefits</i> | 17 | <i>68,273,836</i> | <i>51,090,986</i> |
| <i>Other Long-Term Provisions</i> | 16 | <i>6,967,474</i> | <i>4,645,336</i> |
| Deferred Income | | - | 734,250 |
| Deferred Tax Liability | 27 | 45,499,156 | 30,567,784 |
| EQUITY | | 2,171,850,035 | 1,798,885,652 |
| Equity Attributable to Equity Holders of the Parent | | 2,171,842,472 | 1,798,882,235 |
| Paid-in Share Capital | 19 | 150,213,600 | 150,213,600 |
| Capital Adjustments Differences | 19 | 39,338,145 | 39,338,145 |
| Other Comprehensive Expenses that will not be Reclassified to Profit or Loss | | 90,796,422 | 134,943,401 |
| <i>- Gains from Investments to Equity-Based Financial Instruments</i> | | <i>99,341,944</i> | <i>143,488,923</i> |
| <i>- Loss on remeasurement of defined benefit plans</i> | | <i>(8,545,522)</i> | <i>(8,545,522)</i> |
| Restricted Reserves Appropriated from Profit | 19 | 467,909,963 | 339,342,867 |
| Retained Earnings | | 781,156,726 | 564,794,480 |
| Net Profit for the Period | | 642,427,616 | 570,249,742 |
| Non-Controlling Interest | | 7,563 | 3,417 |
| TOTAL LIABILITIES AND EQUITY | | 3,473,236,017 | 2,518,121,572 |

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

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2021

(Amounts expressed in Turkish Lira (TL))

| | Note | Current Period 1 January- 31 December 2021 | Prior Period 1 January- 31 December 2020 |
|---|------|---|---|
| PROFIT OR LOSS | | | |
| Revenue | 20 | 2,493,229,032 | 1,706,337,086 |
| Cost of Sales (-) | 20 | (1,794,543,838) | (1,140,742,402) |
| GROSS PROFIT | | 698,685,194 | 565,594,684 |
| General Administrative Expenses (-) | 21 | (141,092,155) | (107,059,998) |
| Marketing Expenses (-) | 21 | (76,476,667) | (61,747,880) |
| Research and Development Expenses (-) | 21 | (15,691) | (7,062) |
| Other Income from Operating Activities | 23 | 110,028,891 | 22,753,266 |
| Other Expenses from Operating Activities (-) | 23 | (54,885,200) | (25,474,615) |
| OPERATING PROFIT | | 536,244,372 | 394,058,395 |
| Income from Investing Activities | 24 | 46,783,275 | 257,644,520 |
| Expenses from Investing Activities (-) | 24 | (5,539,656) | (5,173,736) |
| Shares of Profit/Losses of Investments Valued by Equity Method | 3 | - | 37,531 |
| PROFIT BEFORE FINANCE INCOME / (EXPENSES) | | 577,487,991 | 646,566,710 |
| Finance Income | 25 | 263,945,713 | 150,812,708 |
| Finance Expenses (-) | 25 | (193,380,722) | (132,561,710) |
| PROFIT BEFORE TAX | | 648,052,982 | 664,817,708 |
| Tax Expense | | (5,621,220) | (94,568,299) |
| <i>Current Tax Expense</i> | 27 | (159,734,830) | (90,215,752) |
| <i>Deferred Tax (Expense) / Income</i> | 27 | 154,113,610 | (4,352,547) |
| PROFIT FOR THE PERIOD | | 642,431,762 | 570,249,409 |
| Profit for the Period Attributable to | | | |
| Non-Controlling Interests | | 4,146 | (333) |
| Equity of the Parent Company | | 642,427,616 | 570,249,742 |
| Earnings per share | 28 | 4.28 | 3.80 |

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 2021

(Amounts expressed in Turkish Lira (TL))

| | Current Period 1 January- 31 December 2021 | Prior Period 1 January- 31 December 2020 |
|---|---|---|
| PROFIT FOR THE PERIOD | 642,431,762 | 570,249,409 |
| OTHER COMPREHENSIVE (EXPENSES) / INCOME: | | |
| Items that will not be reclassified subsequently to profit or loss | (44,146,979) | 143,197,328 |
| <i>Loss on Remeasurement of Defined Benefit Plans of Investment in Associates Valued by Equity Method</i> | - | (364,493) |
| <i>Loss on Remeasurement of Defined Benefit Plans of Investment in Associates Valued by Equity Method, Tax Effect</i> | - | 72,899 |
| <i>Earnings from Investments in Equity-Based Financial Instruments</i> | 1 (46,470,767) | 151,041,234 |
| <i>Earnings from Investments in Equity-Based Financial Instruments, Tax Effect</i> | 27 2,323,788 | (7,552,311) |
| Items that will be reclassified subsequently to profit or loss | - | (2,679,228) |
| <i>Foreign Currency Translation Difference</i> | - | (2,679,228) |
| OTHER COMPREHENSIVE INCOME / (EXPENSES) | (44,146,979) | 140,518,100 |
| TOTAL COMPREHENSIVE INCOME | 598,284,783 | 710,767,509 |
| Total Comprehensive Income Attributable To: | 598,284,783 | 710,767,509 |
| Non-Controlling Interests | 4,146 | (333) |
| Equity of the Parent Company | 598,280,637 | 710,767,842 |

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

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2021

(Amounts expressed in Turkish Lira (TL))

| | Accumulated Other Comprehensive Income or Expenses that will be Reclassified Subsequently to Profit or Loss | | | Accumulated Other Comprehensive Income or Expenses that will be Reclassified Subsequently to Profit or Loss | | | Retained Earnings | | | Equity | | |
|--|---|-------------------------------|---|---|---|--|--|---------------------|---------------------------|---------------|---|---------------------------|
| | Paid-in Capital | Capital Adjustment Difference | Gain / (Loss) on Remeasurement of Defined Benefit Plans | Gain / (Loss) Revaluation and Classification | Gain / (Loss) Investments in Equity Financial Instruments | Foreign Currency Translation Differences | Restricted Reserves Appropriated from Profit | Prior Years' Losses | Net Profit for the Period | | Total equity attributable to the parent | Non-controlling interests |
| Balances as of 1 January 2020 | 150,213,600 | 39,338,145 | (9,447,375) | 5,712 | - | 2,679,228 | 331,841,894 | 517,839,089 | 160,793,620 | 1,193,263,913 | 3,750 | 1,193,267,663 |
| Transfers | - | - | - | - | - | - | 7,500,973 | 153,292,647 | (160,793,620) | - | - | - |
| Total Comprehensive Income | - | - | (291,595) | - | 143,488,923 | (2,679,228) | - | - | 570,249,742 | 710,767,842 | (333) | 710,767,509 |
| Impact of changes in the scope of consolidation (Note 1) | - | - | 1,193,448 | (5,712) | - | - | - | (1,187,736) | - | (105,149,520) | - | (105,149,520) |
| Dividends | - | - | - | - | - | - | - | (105,149,520) | - | (105,149,520) | - | (105,149,520) |
| Balances as of 31 December 2020 | 150,213,600 | 39,338,145 | (8,545,522) | - | 143,488,923 | - | 339,342,867 | 564,794,480 | 570,249,742 | 1,798,882,235 | 3,417 | 1,798,885,652 |
| Balances as of 1 January 2021 | 150,213,600 | 39,338,145 | (8,545,522) | - | 143,488,923 | - | 339,342,867 | 564,794,480 | 570,249,742 | 1,798,882,235 | 3,417 | 1,798,885,652 |
| Transfers | - | - | - | - | (44,146,979) | - | 128,567,096 | 441,682,646 | (570,249,742) | - | - | - |
| Total Comprehensive Income | - | - | - | - | - | - | - | - | 642,427,616 | 598,280,637 | 4,146 | 598,284,783 |
| Dividends | - | - | - | - | - | - | - | (225,320,400) | - | (225,320,400) | - | (225,320,400) |
| Balances as of 31 December 2021 | 150,213,600 | 39,338,145 | (8,545,522) | - | 99,341,944 | - | 467,909,963 | 781,156,726 | 642,427,616 | 2,171,842,472 | 7,563 | 2,171,850,035 |

The accompanying notes form 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 2021

(Amounts expressed in Turkish Lira (TL))

| | Current Period 1 January- 31 December 2021 | Prior Period 1 January- 31 December 2020 |
|---|---|---|
| A. Cash Flows from Operating Activities | | |
| Profit for the Period | 642,431,762 | 570,249,409 |
| Adjustments Related to Reconciliation of Net Profit for the Period | | |
| - Adjustments Related to Depreciation and Amortisation | 11-12-13-14 91,544,083 | 82,683,307 |
| - Adjustments Related to Impairment (Reversal) | | |
| - Adjustments Related to Impairment in Receivables | 6 5,962,709 | 3,882,556 |
| - Adjustments Related to Inventory Impairment | 9 - | 2,461,056 |
| Adjustments Related to Provisions | | |
| - Adjustments Related to Legal Claims | 16 767,907 | 11,572,556 |
| - Adjustments Related to (Reversal of) Provisions Allocated Within the Framework of Sectoral Requirements | 16 2,322,138 | (1,909,272) |
| - Adjustments Related to Provision for Employee Benefits | 17 23,098,760 | 8,001,261 |
| Adjustments Related to Tax Expense | 27 5,621,220 | 94,568,299 |
| Adjustments Related to Unrealized Foreign Currency Translation Differences | 113,666,947 | 33,278,700 |
| Adjustments Related to Tax (Income) / Expense | | |
| - Adjustments Related to Interest Income | 25 (23,185,474) | (20,258,096) |
| - Adjustments Related to Interest Expense | 25 26,285,194 | 34,956,990 |
| Adjustments Related to Derivative Transactions | 25 - | 1,113,895 |
| Gain on Disposal of Non-Current Assets | | |
| - Adjustments Related to Gain on Disposal of Property, Plant and Equipment | 24 (4,894,865) | (3,881,698) |
| - Adjustments Related to Gain on Disposal of Investment Properties | 24 (528,369) | (2,562,194) |
| Adjustments Related to Gain From Disposal Of Non-Current Assets Held For Sale | | |
| Distribution To Shareholders | 24 - | (22,805,823) |
| Adjustments Related to Gain From Disposal Of Associates or Changes in Shares | 1 - | (198,790,614) |
| Adjustments Related to Associates' Profit Accounted According to Equity Method | | |
| Other | - | 616,217 |
| | 883,092,012 | 593,139,018 |
| Changes in working capital | | |
| - Adjustments Related to Increase/Decrease in Inventories | (289,211,955) | 19,260,265 |
| - Adjustments Related to Increase/Decrease in Trade Receivables | (129,770,893) | (101,578,204) |
| - Adjustments Related to Increase/Decrease in Other Receivables from Operating Activities | (195,244,175) | (13,582,562) |
| - Adjustments Related to Increase/Decrease in Trade Payables | 48,758,422 | 85,870,319 |
| - Adjustments Related to Increase/Decrease in Other Payables from Operating Activities | 47,355,170 | (1,085,289) |
| Net Cash Flows Generated from Operating Activities | 364,978,581 | 582,023,547 |
| Taxes Paid/Returns | 27 (134,368,245) | (78,957,852) |
| Legal Claims Paid | 16 (1,023,518) | (7,175,784) |
| Employee Termination Benefits Paid | 17 (4,196,898) | (3,977,962) |
| | 225,389,920 | 491,911,949 |
| B. Cash Flows from Investing Activities | | |
| Cash Outflows from Purchases of Property, Plant and Equipment and Intangible Assets | 10-12-24 (233,865,570) | (88,700,403) |
| Cash Inflows from Sales of Property, Plant and Equipment and Intangible Assets | 5,298,011 | 4,537,250 |
| Cash Inflows from Sales of Investment Properties | 11-24 2,028,626 | 17,170,445 |
| Cash Inflows From Sales of Non-Current Assets Held For Sale | - | 44,296,021 |
| Other cash inflows/outflows | 10,285,773 | (125,099,230) |
| | (216,253,160) | (147,795,917) |
| C. Cash Flows from Financing Activities | | |
| Dividend Paid | 19 (225,320,400) | (105,149,520) |
| Interest Paid | (16,729,357) | (30,084,472) |
| Cash Inflows / (Outflows) from Borrowings, net | 29 303,283,425 | (67,905,334) |
| Cash Outflows from Repayment of Lease Liabilities | 29 (4,139,836) | (5,864,795) |
| Interest Received | 25 23,185,474 | 20,258,096 |
| | 80,279,306 | (188,746,025) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECTS OF FOREIGN CURRENCY TRANSLATION DIFFERENCES (A+B+C) | 89,416,066 | 155,370,007 |
| D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | 34 464,468,206 | 309,098,199 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D) | 34 553,884,272 | 464,468,206 |

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 STATEMENT AS OF 31 DECEMBER 2021

(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 16.18% 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 2021 and 2020, the average number of personnel of the Group is categorized as follows;

| | 1 January- 31 December 2021 | 1 January- 31 December 2020 |
|--------------|--------------------------------|--------------------------------|
| Blue collar | 932 | 890 |
| White collar | 316 | 315 |
| | <u>1,248</u> | <u>1,205</u> |

The main partner of the Group and the parties holding the main control are respectively; Nuh Ticaret Sanayi ve Ticaret A.Ş. and Partas Tekstil İnşaat Sanayi ve Ticaret A.Ş. are companies.

| Shareholders | 31 December 2021 | 31 December 2020 |
|--|---------------------|---------------------|
| Nuh Ticaret Sanayi ve Ticaret A.Ş. | 44.13% | 44.13% |
| Partaş Tekstil İnşaat Sanayi ve Ticaret A.Ş. | 16.32% | 16.41% |
| Listed | 16.18% | 16.32% |
| Other (*) | 23.37% | 23.14% |
| Total Shares | <u>100%</u> | <u>100%</u> |

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

Approval of Consolidated Financial Statements:

The consolidated financial statements have been approved for issue by the Board of Directors 1 March 2022. 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 STATEMENT AS OF 31 DECEMBER 2021

(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 m² shopping center and hotel constructions on the land owned by Nuh Beton in Bostancı were finalized in and carried to financial statements as investment property.

Nuh Yapı Ürünleri A.Ş. ("Nuh Yapı")

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

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

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

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 STATEMENT
AS OF 31 DECEMBER 2021
(Amounts expressed in Turkish Lira (TL))

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

Joint ventures and associates

Ünye Çimento Sanayi ve Ticaret A.Ş. (Ünye Çimento)

The Group has held shares of Ünye Çimento, which is listed in BIST, since 1997 and the nominal share capital of Ünye Çimento amounted to TL 123,586,411 and Nuh Beton and Nuh Gayrimenkul held 40.03% of its shares in total until 21 May 2020.

Ünye Çimento merged with Oyak Çimento Fabrikaları A.Ş. ("Oyak Çimento") through transfer at Borsa Istanbul on 21 May 2020. As a result of the merger, Ünye Çimento shares, which were accounted for by the equity method due to the Group's 40% ownership and significant impact, turned into Oyak Çimento shares. The share ratio of the Group in Oyak Çimento has been realized as 4.45%, and Ünye Çimento shares, which were accounted for using the equity method in the prior periods, were classified in the financial investments account of the financial position statement as Oyak Çimento shares. As of 21 May 2020, Ünye Çimento shares have been accounted for in the financial statements with a value of TL 113,864,518 according to the equity method. The fair value of Oyak Çimento shares acquired by the Group as a result of the merger is TL 312,655,132 as of 21 May 2020. Since the Group does not have a significant impact on Oyak Çimento, TL 198,790,614, which is the difference between the value recognized according to the equity method amounting to TL 113,864,518, and the fair value at the transaction date amounting to TL 312,655,132, is recognized under the income from investing activities in the profit or loss statement in accordance with TAS 28.

The increase in value of 4.45% of Oyak Çimento shares owned by the Group as TL 99,341,944 between 21 May 2020 and 31 December 2021 has been accounted for under the earnings from investments in equity instruments in the statement of other comprehensive income. As of 31 December 2021, the value of Oyak Çimento in financial assets is TL 417,225,599.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance with TFRS

The accompanying consolidated interim financial statements have been prepared in accordance with the Turkish Financial Reporting Standards ("TFRS") in compliance with the pursuant to Article 5 of the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Market Boards ("CMB") on 13 June 2013 which is published on Official Gazette numbered 28676.

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.

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
AS OF 31 DECEMBER 2021
(Amounts expressed in Turkish Lira (TL))

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

2.1 Basis of Presentation (cont'd)

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.

Adjustments of consolidated financial statements in hyperinflationary periods

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

In the statement made by the Public Oversight Accounting and Auditing Standards Authority ("POA") on 20 January 2022, since the cumulative change in the general purchasing power of the last three years according to the Consumer Price Index ("CPI") is 74.41%, it is stated that there is no need to make any adjustments in the financial statements for 2021 within the scope of TAS 29 Financial Reporting Standard in Hyperinflationary Economies. In the accompanying financial statements, no inflation adjustment has been made 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 when necessary.

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
AS OF 31 DECEMBER 2021
(Amounts expressed in Turkish Lira (TL))

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

2.1 Basis of Presentation (cont'd)

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 2021 and 2020 are as follows:

| Subsidiaries | Location | Currency | Share in capital | |
|-------------------------------------|-------------|----------|------------------|------------------|
| | | | 31 December 2021 | 31 December 2020 |
| 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% | 98% |
| 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% |

Joint Ventures and Associates Accounted Under Equity Method

| | | | | |
|---|--------|----|---|---|
| Ünye Çimento Sanayi ve Ticaret A.Ş. (*) | Turkey | TL | - | - |
|---|--------|----|---|---|

(*) The disclosures regarding the transaction is explained in detail in Note 1.

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

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

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

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

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

AS OF 31 DECEMBER 2021

(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)

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.

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss is 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 TASs). 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: Accounting and Measurement*, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

AS OF 31 DECEMBER 2021

(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)

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

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

2.2 Change in Accounting Policies

The Group has applied accounting standards consistently with prior year. Significant changes in accounting policies are applied retrospectively and prior period financial statements are adjusted accordingly.

2.3 Change 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.

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
AS OF 31 DECEMBER 2021
(Amounts expressed in Turkish Lira (TL))

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

2.4 New and Revised Turkish Accounting Standards

a) Amendments and interpretations effective as 2021

Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 *Interest Rate Benchmark Reform — Phase 2*

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 are all effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

The Group management assessed that the adoption of this amendment does not have any effect on the Group's 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 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 4 | <i>Extension of the Temporary Exemption from Applying TFRS 9</i> |
| Amendments to TFRS 16 | <i>COVID-19 Related Rent Concessions beyond 30 June 2021</i> |
| Amendments to TAS 1 | <i>Disclosure of Accounting Policies</i> |
| Amendments to TAS 8 | <i>Definition Accounting Estimates</i> |
| Amendments to TAS 12 | <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> |

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

AS OF 31 DECEMBER 2021

(Amounts expressed in Turkish Lira (TL))

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

2.4 New and Revised Turkish Accounting Standards (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.

Amendment defers the effective date by one year. 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 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.

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.

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

AS OF 31 DECEMBER 2021

(Amounts expressed in Turkish Lira (TL))

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

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

Annual Improvements to TFRS Standards 2018-2020

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.

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 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 Financial Instruments, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023.

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

Public Oversight Accounting and Auditing Standards Authority ("POA") has published *COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendment to TFRS 16)* 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.

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

AS OF 31 DECEMBER 2021

(Amounts expressed in Turkish Lira (TL))

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

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

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

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.

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.

The possible effect of the standards, amendments and improvements on the financial position and performance of the Company are being evaluated.

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.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Related Parties (devamı)

(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.

- 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

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

2.5 Summary of Significant Accounting Policies (cont'd)

Revenue (cont'd)

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.

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.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Property, Plant and Equipment (cont'd)

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.

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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.

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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.

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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).

(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.

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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)

(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.

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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.

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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.

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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.

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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 profit or loss in the consolidated [statement of profit or loss/statement of profit or loss and other comprehensive income]. 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.

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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.

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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.

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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

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.

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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. 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.

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 or 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").

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

2.5 Summary of Significant Accounting Policies (cont'd)

Employee Benefits (cont'd)

Termination and retirement benefits (cont'd):

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.

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 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 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):

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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 performs impairment testing annually to assess whether any impairment provision is required for goodwill in accordance with accounting policy stated in Note 2.5. The recoverable amounts of cash-generating units are determined based on value in use calculations. The assumptions used by the Group during the impairment test of the goodwill are explained 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.

Employee termination benefits and seniority incentive bonus

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

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

2.7 Significant changes regarding the current period

The necessary actions have been taken by the Group management to minimize the possible effects of COVID-19, which affects the whole world, on the Group's activities and financial position. The production activities of the Group continued uninterrupted during the period of curfews.

While preparing the consolidated financial statements as at 31 December 2021, the Group has evaluated the possible effects of the COVID-19 outbreak on the financial statements and reviewed the estimates and assumptions used in the preparation of the consolidated financial statements. In this context, the Group has evaluated possible impairment on the trade receivables, inventories, property, plant and equipment, goodwill and investment properties included in its consolidated financial statements as at 31 December 2020, and no impairment has been identified.

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:

| Accounting Period Ended on 31 December 2021 | Construction and construction materials | Energy | Consolidation adjustments | Total |
|--|--|-------------------|--------------------------------------|----------------------|
| Third party sales | 2,480,037,014 | 13,192,018 | - | 2,493,229,032 |
| Cross-departmental sales | 199,587,297 | - | (199,587,297) | - |
| Net sales | 2,679,624,311 | 13,192,018 | (199,587,297) | 2,493,229,032 |
| Cost of sales | (1,991,937,920) | (2,193,215) | 199,587,297 | (1,794,543,838) |
| Gross Profit | 687,686,391 | 10,998,803 | - | 698,685,194 |
| Total assets | 3,405,111,457 | 68,124,560 | - | 3,473,236,017 |
| Total liabilities | 1,301,385,982 | - | - | 1,301,385,982 |

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4. SEGMENT REPORTING (cont'd)

| Accounting Period Ended on 31 December 2020 | Construction and construction materials | Energy | Consolidation adjustments | Total |
|--|---|-------------------|------------------------------|----------------------|
| Third party sales | 1,690,676,443 | 15,660,643 | - | 1,706,337,086 |
| Cross-departmental sales | 148,436,104 | - | (148,436,104) | - |
| Net sales | 1,839,112,547 | 15,660,643 | (148,436,104) | 1,706,337,086 |
| Cost of sales | (1,286,918,264) | (2,260,242) | 148,436,104 | (1,140,742,402) |
| Gross Profit | 552,194,283 | 13,400,401 | - | 565,594,684 |
| Total assets | 2,447,488,203 | 70,633,369 | - | 2,518,121,572 |
| Total liabilities | 719,235,920 | - | - | 719,235,920 |

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 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 |
| | <u>17,800</u> | <u>156,739</u> |

(*) Amounts consist of concrete sales that the Group has made to Nuh Çimento Eğitim ve Sağlık Vakfı.

| | 31 December 2020 | |
|--|----------------------|----------------|
| | Current | |
| | Trade Receivables | Sales |
| Nuh Çimento Eğitim ve Sağlık Vakfı (2) (*) | 12,229 | 20,542 |
| Çimpaş Çimento İnşaat Mlz. Paz. A.Ş. (1) | 61,584 | 80,310 |
| | <u>73,813</u> | <u>100,852</u> |

(1) Financial investments of the Company

(2) Foundation which was established by the Company with the decision of Council of Ministers

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5. RELATED PARTY DISCLOSURES (cont'd)

Compensation of key management personnel:

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

| | 1 January- 31 December 2021 | 1 January- 31 December 2020 |
|--|--------------------------------|--------------------------------|
| Salaries and other short-term benefits | 16,162,204 | 13,317,471 |

6. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

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

| | 31 December 2021 | 31 December 2020 |
|--|---------------------|---------------------|
| Short-term trade receivables | | |
| Trade receivables | 348,445,779 | 219,710,141 |
| Notes receivable | 167,226,685 | 174,755,823 |
| Trade receivables from related parties (Note: 5) | 17,800 | 73,813 |
| Discount of notes receivables (-) | (3,092,995) | (1,896,726) |
| Provision for doubtful receivables (-) | (88,076,488) | (82,705,829) |
| <i>Trade receivables from third parties</i> | (83,984,936) | (78,753,516) |
| <i>Expected credit losses (-) effect of TFRS 9</i> | (4,091,552) | (3,952,313) |
| | <u>424,520,781</u> | <u>309,937,222</u> |
| Long-term trade receivables | | |
| Notes receivable | 9,224,625 | - |
| | <u>9,224,625</u> | <u>-</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 36 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 2020: 35 days).

As of 31 December 2021, trade receivables of TL 88,076,488 (31 December 2020: TL 82,705,829) 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.

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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 2021 | 1 January - 31 December 2020 |
|---|---------------------------------|---------------------------------|
| <u>Movement of provision for doubtful trade receivables</u> | | |
| Opening balance | 82,705,829 | 80,478,876 |
| Collections or reversal of provision (Note: 21) | (592,050) | (1,655,603) |
| Charge for the period (Note: 21) | 5,823,470 | 3,111,842 |
| Changes in TFRS 9 charge for the period (Note: 21) | 139,239 | 770,714 |
| Closing balance | <u>88,076,488</u> | <u>82,705,829</u> |

As of 31 December 2021, there are no guarantees received from customers for doubtful trade receivables (31 December 2020: None).

The aging of trade receivables are as follows:

| | 31 December 2021 | 31 December 2020 |
|---|---------------------|---------------------|
| Neither past due, nor doubtful receivables | 392,829,509 | 249,088,608 |
| Past due but not impaired receivables | 31,691,272 | 60,848,614 |
| Receivables that are impaired and for which provision is made | 88,076,488 | 82,705,829 |
| | <u>512,597,269</u> | <u>392,643,051</u> |

As of 31 December 2021, trade receivables amounting to TL 31,691,272 (31 December 2020: TL 60,848,614) 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 2021 | 31 December 2020 |
|---------------|---------------------|---------------------|
| 1 - 3 months | 24,051,034 | 51,101,092 |
| 3 - 6 months | 1,787,006 | 6,761,737 |
| 6 - 9 months | 4,401,221 | 2,245,102 |
| Over 9 months | 1,452,011 | 740,683 |
| | <u>31,691,272</u> | <u>60,848,614</u> |

The Group held guarantee letter amounting to TL 26,611,390 for the trade receivables that are past due and not impaired (31 December 2020: TL 25,585,450).

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.

There has been no change in the estimation techniques or significant assumptions of the Group management.

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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 2021 | 31 December 2020 |
|----------------|---------------------|---------------------|
| Trade payables | 268,528,158 | 217,641,423 |
| Notes payable | 1,460,419 | 3,588,732 |
| | <u>269,988,577</u> | <u>221,230,155</u> |

The average maturity of credit sales of goods is 25 days. (31 December 2020: 35 days).

Explanation about the nature and level of risks related to trade receivables and payables are disclosed in Note 30.

7. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables

| | 31 December 2021 | 31 December 2020 |
|--|---------------------|---------------------|
| Short-term other receivables | | |
| Other short-term receivables (*) | 53,967,078 | 4,719,407 |
| Due from personnel | 1,221,458 | 953,572 |
| Deposits and quarantees given | 1,086,193 | 284,037 |
| Provision for doubtful receivables (-) | (1,498,878) | (1,310,637) |
| | <u>54,775,851</u> | <u>4,646,379</u> |

(*) The portion amounting to TL 52,228,010 consists of receivables from the tax office.

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

| | 31 December 2021 | 31 December 2020 |
|-------------------------------|---------------------|---------------------|
| Long-term other receivables | | |
| Deposits and quarantees given | 2,039,034 | 1,832,476 |
| | <u>2,039,034</u> | <u>1,832,476</u> |

b) Other Payables

| | 31 December 2021 | 31 December 2020 |
|-------------------------------|---------------------|---------------------|
| Short-term other payables | | |
| Taxes and dues payable | 14,205,111 | 6,396,031 |
| Deposits and quarantees taken | 7,557,470 | 4,283,060 |
| Other miscellaneous payables | 627,152 | 374,581 |
| | <u>22,389,733</u> | <u>11,053,672</u> |

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8. OTHER CURRENT AND NON-CURRENT ASSETS

| | 31 December 2021 | 31 December 2020 |
|---------------------------------|---------------------|---------------------|
| <u>Other current assets</u> | | |
| Deferred VAT | 63,280,143 | 15,968,089 |
| Personnel advances | 333,588 | 273,515 |
| | <u>63,613,731</u> | <u>16,241,604</u> |
| | | |
| | 31 December 2021 | 31 December 2020 |
| <u>Other non-current assets</u> | | |
| Deductible VAT in future years | 4,434,466 | 3,167,170 |
| | <u>4,434,466</u> | <u>3,167,170</u> |

9. INVENTORIES

| | 31 December 2021 | 31 December 2020 |
|---|---------------------|---------------------|
| Raw materials | 343,350,965 | 109,440,985 |
| Work in process | 72,419,329 | 24,073,646 |
| Finished goods | 22,941,110 | 15,979,139 |
| Trade goods | 91,001 | 96,680 |
| Allowance for impairment on inventory (-) | (4,501,054) | (4,501,054) |
| | <u>434,301,351</u> | <u>145,089,396</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 2020: TL 4,501,054). As of 31 December 2021, the total amount of inventories shown at net realizable value is TL 434,301,351 (31 December 2020: TL 145,089,396).

The movement table of the Group's provision for inventory impairment as of 31 December 2021 is as follows:

| | 1 January - 31 December 2021 | 1 January - 31 December 2020 |
|--|---------------------------------|---------------------------------|
| <u>Movements of provision for inventory impairment</u> | | |
| Opening balance | 4,501,054 | 2,039,998 |
| Charge for the period | - | 2,461,056 |
| Closing balance | <u>4,501,054</u> | <u>4,501,054</u> |

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10. PREPAID EXPENSES AND DEFERRED INCOME

| | 31 December 2021 | 31 December 2020 |
|---|---------------------|---------------------|
| Short-term prepaid expenses | | |
| Order advances given for inventory purchase | 80,986,792 | 8,414,714 |
| Prepaid expenses | 28,196,604 | 4,183,659 |
| | <u>109,183,396</u> | <u>12,598,373</u> |
| Long-term prepaid expenses | | |
| Order advances given for fixed asset purchase | 30,716,175 | 4,114,313 |
| Prepaid expenses | 414,823 | 118,797 |
| | <u>31,130,998</u> | <u>4,233,110</u> |
| Short-term deferred income | | |
| Order advances received | 61,355,041 | 22,023,791 |
| | <u>61,355,041</u> | <u>22,023,791</u> |

11. INVESTMENT PROPERTIES

| Cost Value | Land | Buildings | Advances given | Total |
|--|-------------------|--------------------|-------------------|--------------------|
| Opening balance as of 1 January 2021 | 37,283,679 | 172,926,690 | 9,938,073 | 220,148,442 |
| Disposals | - | (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 |
| Accumulated Depreciation | | | | |
| Opening balance as of 1 January 2021 | - | (21,318,695) | - | (21,318,695) |
| Charge of the year | - | (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 | <u>37,283,679</u> | <u>146,665,528</u> | <u>9,938,073</u> | <u>193,887,280</u> |

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11. INVESTMENT PROPERTIES (cont'd)

| Cost Value | Land | Buildings | Advances given | Total |
|--|------------|--------------|-------------------|--------------|
| Opening balance as of 1 January 2020 | 36,454,524 | 187,534,941 | 9,938,073 | 233,927,538 |
| Disposal | - | (14,608,251) | - | (14,608,251) |
| Transfers | 829,155 | - | - | 829,155 |
| Closing balance as of 31 December 2020 | 37,283,679 | 172,926,690 | 9,938,073 | 220,148,442 |
| | | | Advances | |
| | Land | Buildings | given | Total |
| Accumulated Amortization | | | | |
| Opening balance as of 1 January 2020 | - | (18,131,150) | - | (18,131,150) |
| Charge of the year | - | (3,187,545) | - | (3,187,545) |
| Closing balance as of 31 December 2020 | - | (21,318,695) | - | (21,318,695) |
| Carrying value as of 31 December 2020 | 37,283,679 | 151,607,995 | 9,938,073 | 198,829,747 |

All depreciation expenses are included in expenses from investment activities (31 December 2020: 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 2021 and 2020, 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 2021 and 2020, 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 2020: capitalization rate is 9% and nominal discount rate is 12%).

As of 31 December 2021, The Group's rent revenue obtained by investment of real estate properties amounting to TL 39,384,575 (31 December 2020: TL 26,662,401). The Group paid property tax for investment of real estate properties amounting to TL 2,097,446 (31 December 2020: TL 1,986,191) (Note: 24).

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11. INVESTMENT PROPERTIES (cont'd)

Details of the Group's investment properties and information about the fair value hierarchy as of 31 December 2021 and 2020 are as follows:

| | 31 December 2021 | Fair value as at reporting period | | |
|-------------------------|---------------------|-----------------------------------|---------------|---------------|
| | | Level 1 TL | Level 2 TL | Level 3 TL |
| Hotel and Shopping Mall | 662,925,000 | - | - | 662,925,000 |
| Buildings | 22,431,998 | - | 22,431,998 | - |
| Lands | 291,880,507 | - | 291,880,507 | - |
| | 31 December 2020 | Level 1 TL | Level 2 TL | Level 3 TL |
| Hotel and Shopping Mall | 419,150,000 | - | - | 419,150,000 |
| Buildings | 35,270,000 | - | 35,270,000 | - |
| Lands | 306,783,208 | - | 306,783,208 | - |

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12. PROPERTY, PLANT AND EQUIPMENT

| | Land | Land Improvements | Buildings | Plant, Machinery and Equipment | Motor Vehicles | Furniture and Fixture | Other Tangible Fixed Assets | Leasehold improvements | Construction in progress | Total |
|--|------------|-------------------|---------------|--------------------------------|----------------|-----------------------|-----------------------------|------------------------|--------------------------|---------------|
| Cost Value | | | | | | | | | | |
| 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 |
| Accumulated Depreciation | | | | | | | | | | |
| 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 of the year | - | (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 |

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

| | Land | Land Improvements | Buildings | Plant, Machinery and Equipment | Motor Vehicles | Furniture and Fixture | Other Tangible Fixed Assets | Leasehold improvements | Construction in progress | Total |
|---|------------|-------------------|--------------|--------------------------------|----------------|-----------------------|-----------------------------|------------------------|--------------------------|---------------|
| Cost Value | | | | | | | | | | |
| Opening balance as of 1 January 2020 | 61,092,035 | 123,222,155 | 182,926,948 | 970,520,532 | 104,371,067 | 53,740,555 | 498,334 | 8,450,010 | 19,870,561 | 1,524,692,197 |
| Additions | 411,469 | 2,460,432 | 651,392 | 56,219,756 | 7,986,829 | 5,312,493 | - | 4,999,317 | 10,153,786 | 88,195,474 |
| Disposals | - | (3,338,556) | (4,171,442) | (3,998,630) | (4,033,725) | (1,211,905) | - | (1,102,509) | - | (17,856,767) |
| Non-current assets transferred to investment properties (Note: 1) | (829,155) | - | - | - | - | - | - | - | - | (829,155) |
| Transfers | - | 1,667,962 | 2,956,498 | 21,081,722 | 394,791 | 47,290 | - | 1,167,130 | (27,430,290) | (114,897) |
| Closing balance as of 31 December 2020 | 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 |
| Accumulated Depreciation | | | | | | | | | | |
| Opening balance as of 1 January 2020 | - | (63,873,932) | (93,975,034) | (571,852,258) | (71,659,088) | (45,764,499) | (498,334) | (5,414,101) | - | (853,037,246) |
| Charge of the year | - | (6,955,051) | (7,195,531) | (46,969,872) | (10,669,748) | (2,731,049) | - | (1,535,275) | - | (76,056,526) |
| Disposals | - | 3,338,556 | 4,171,442 | 3,343,079 | 4,033,725 | 1,211,905 | - | 1,102,508 | - | 17,201,215 |
| Closing balance as of 31 December 2020 | - | (67,490,427) | (96,999,123) | (615,479,051) | (78,295,111) | (47,283,643) | (498,334) | (5,846,868) | - | (911,892,557) |
| Carrying value as of 31 December 2020 | 60,674,349 | 56,521,566 | 85,364,273 | 428,344,329 | 30,423,851 | 10,604,790 | - | 7,667,080 | 2,594,057 | 682,194,295 |

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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 tangible fixed assets | 3-10 years |
| Leasehold improvements | 5-10 years |

Depreciation expense of TL 80,232,841 (31 December 2020: TL 73,871,785) has been charged in cost of goods sold, TL 134,929 (31 December 2020: TL 76,256) in marketing expenses, and TL 3,746,903 (31 December 2020: TL 2,108,485) in general administrative expenses.

As of 31 December 2021, insurance coverage of the Group's assets is TL 8,271,412,630 (31 December 2020: TL 4,714,270,476).

Mortgages Given

As of 31 December 2021 and 2020, the Group has no pledge/mortgage positions.

13. INTANGIBLE ASSETS

| 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 of the year | (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 | <u>25,583,522</u> | <u>24,647</u> | <u>25,608,169</u> |
| | | | |
| Cost Value | Rights | Other intangible assets | Total |
| Opening balance as of 1 January 2020 | 42,810,712 | 212,155 | 43,022,867 |
| Additions | 504,929 | - | 504,929 |
| Disposals | (197,928) | - | (197,928) |
| Transfers | 114,897 | - | 114,897 |
| Closing balance as of 31 December 2020 | 43,232,610 | 212,155 | 43,444,765 |
| <u>Accumulated Amortization</u> | | | |
| Opening balance as of 1 January 2020 | (15,915,970) | (184,788) | (16,100,758) |
| Charge of the year | (1,368,987) | (2,227) | (1,371,214) |
| Disposals | 197,928 | - | 197,928 |
| Closing balance as of 31 December 2020 | (17,087,029) | (187,015) | (17,274,044) |
| Carrying value as of 31 December 2020 | <u>26,145,581</u> | <u>25,140</u> | <u>26,170,721</u> |

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13. INTANGIBLE ASSETS (cont'd)

Amortization expense of TL 1,378,948 (31 December 2020: TL 1,331,826) has been charged in cost of goods sold, TL 2,319 (31 December 2020: TL 1,374) in marketing and sales expenses, and TL 64,397 (31 December 2020: TL 38,013) 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:

| <u>Cost Value</u> | <u>Land</u> | <u>Port area and pier usage</u> | <u>Vehicles</u> | <u>Buildings</u> | <u>Total</u> |
|--|-------------|-------------------------------------|-----------------|------------------|--------------|
| 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> | <u>Land</u> | <u>Port area and pier usage</u> | <u>Vehicles</u> | <u>Buildings</u> | <u>Total</u> |
| 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 |
| <u>Cost Value</u> | <u>Land</u> | <u>Port area and pier usage</u> | <u>Vehicles</u> | <u>Buildings</u> | <u>Total</u> |
| Opening balance as of 1 January 2020 | 17,700 | 20,851,020 | 4,104,725 | 593,666 | 25,567,111 |
| Additions regarding operational leases | - | 1,356,025 | - | - | 1,356,025 |
| Closing balance as of 31 December 2020 | 17,700 | 22,207,045 | 4,104,725 | 593,666 | 26,923,136 |
| <u>Accumulated Amortization</u> | <u>Land</u> | <u>Port area and pier usage</u> | <u>Vehicles</u> | <u>Buildings</u> | <u>Total</u> |
| Opening balance as of 1 January 2020 | (17,700) | (1,377,870) | (893,036) | (117,512) | (2,406,118) |
| Amortization for the period | - | (1,738,739) | (286,768) | (42,515) | (2,068,022) |
| Closing balance as of 31 December 2020 | (17,700) | (3,116,609) | (1,179,804) | (160,027) | (4,474,140) |
| Carrying value as of 31 December 2020 | - | 19,090,436 | 2,924,921 | 433,639 | 22,448,996 |

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

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

| | 31 December 2021 | 31 December 2020 |
|---|---------------------|---------------------|
| Amortization of assets to operating lease (Note: 21) | (2,541,536) | (2,068,022) |
| Interest expense from lease transactions (Note: 25) | (4,196,901) | (3,410,129) |
| Currency difference expenses from lease transactions (Note: 25) | (92,504) | (120,575) |

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 2021 | 31 December 2020 |
|---|---------------------|---------------------|
| <u>Cost value</u> | | |
| Cost value at the beginning of the period | 24,910,842 | 24,910,842 |
| Closing value | 24,910,842 | 24,910,842 |
| <u>Accumulated impairment</u> | | |
| Balance at the beginning of the period | (7,562,568) | (7,562,568) |
| Closing balance | (7,562,568) | (7,562,568) |
| <u>Carrying amount</u> | | |
| Beginning of the Period | 17,348,274 | 17,348,274 |
| End of the Period | 17,348,274 | 17,348,274 |

As of 31 December 2021 and 2020, 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 2021, the Group was identified USD 15 million (31 December 2020: USD 17 million) net equity value. The USD-based weighted average cost of capital was calculated as 11.69% for 2021 and after (31 December 2020: 10.84%) 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 2020: 36,000 kWh).

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16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

| | 31 December 2021 | 31 December 2020 |
|---|---------------------|---------------------|
| Short-term other provisions | | |
| Legal claims and termination provisions | 19,939,383 | 20,194,994 |
| | <u>19,939,383</u> | <u>20,194,994</u> |

As of 31 December 2021, TL 21,811,293 for open lawsuits and proceeded against the Company and its subsidiaries (31 December 2020: TL 20,194,994). Lawsuits against the Group generally consist of employee lawsuits.

As of 31 December 2021, total litigation provision amounted to TL 19,939,383 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 2020: TL 20,194,994). The Company management don't expect any cash outflow regarding rest of the cases.

As of 31 December 2021 and 2020, movements of provision for legal claims and termination provisions are as follows:

| | 1 January- 31 December 2021 | 1 January- 31 December 2020 |
|--------------------------------------|--------------------------------|--------------------------------|
| Opening balance | 20,194,994 | 15,798,222 |
| Payments and provisions released | (1,023,518) | (7,175,784) |
| Provisions for the period (Note: 21) | 767,907 | 11,572,556 |
| Closing balance | <u>19,939,383</u> | <u>20,194,994</u> |

| | 31 December 2021 | 31 December 2020 |
|----------------------------|---------------------|---------------------|
| Long-term other provisions | | |
| Land restoration provision | 6,967,474 | 4,645,336 |
| | <u>6,967,474</u> | <u>4,645,336</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 2021. 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 6,967,474 (31 December 2020: TL 4,645,336) 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 2021, 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.

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

a) Provisions (cont'd)

As of 31 December 2021 and 2020, movements for land restoration are as follows:

| | 1 January- 31 December 2021 | 1 January- 31 December 2020 |
|-----------------------|--------------------------------|--------------------------------|
| Opening balance | 4,645,336 | 6,554,608 |
| Charge for the period | 2,322,138 | (1,909,272) |
| Closing balance | <u>6,967,474</u> | <u>4,645,336</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 2021, total amount of checks and notes endorsed to third parties is TL 3,325,353 (31 December 2020: TL 4,558,304).

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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 2021 | TL Equivalent | TL | US Dollars | 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 | - | - | - | - |
| Total | 38,956,015 | 33,838,013 | 150,000 | 216,000 |

As of 31 December 2021, the rate of total amount of other "GPM"s to total equity of the Group is 2%.

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

b) Contingent Assets and Liabilities (cont'd)

| 31 December 2020 | | TL Equivalent | TL | US Dollars | Euro |
|---|------------|-------------------|-------------------|----------------|----------------|
| A. Total amount of the GPM's given for its own legal entity | | | | | |
| | -Guarantee | 22,758,652 | 21,657,577 | 150,000 | - |
| | -Pledge | - | - | - | - |
| | -Mortgage | - | - | - | - |
| B. GPM's given on behalf of fully consolidated companies | | | | | |
| | -Guarantee | 11,350,933 | 9,405,227 | - | 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 | - | - | - | - |
| Total | | 34,109,585 | 31,062,804 | 150,000 | 216,000 |

As of 31 December 2020, the rate of total amount of other “GPM”s to total equity of the Group is 2%.

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17. EMPLOYEE BENEFITS

Payables related to employee benefits

| | 31 December 2021 | 31 December 2020 |
|----------------------------------|---------------------|---------------------|
| Social security premiums payable | 5,027,630 | 4,296,227 |
| Due to personnel | 4,500,298 | 3,870,735 |
| | <u>9,527,928</u> | <u>8,166,962</u> |

Short-term provision for employee benefits

| | 31 December 2021 | 31 December 2020 |
|---|---------------------|---------------------|
| Provision for seniority incentive bonus | 1,333,757 | 656,145 |
| Unused vacation pay liability | 4,530,826 | 3,489,427 |
| | <u>5,864,583</u> | <u>4,145,572</u> |

As of 31 December 2021 and 2020, movements of unused vacation is as follows:

| | 1 January- 31 December 2021 | 1 January- 31 December 2020 |
|-----------------------|--------------------------------|--------------------------------|
| Opening balance | 3,489,427 | 4,028,147 |
| Charge for the period | 1,041,399 | (538,720) |
| Closing balance | <u>4,530,826</u> | <u>3,489,427</u> |

Long-term provision for employee benefits

| | 31 December 2021 | 31 December 2020 |
|---|---------------------|---------------------|
| Provision for employee termination benefits | 58,553,981 | 41,918,160 |
| Provision for seniority incentive bonus | 9,719,855 | 9,172,826 |
| | <u>68,273,836</u> | <u>51,090,986</u> |

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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 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 the 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 2021 and 2020, movements of seniority incentive bonus is as follows:

| | 1 January- 31 December 2021 | 1 January- 31 December 2020 |
|---------------------------|--------------------------------|--------------------------------|
| Opening balance | 9,828,971 | 11,694,866 |
| Provisions for the period | 2,088,529 | (1,444,127) |
| Payments | (863,888) | (421,768) |
| Closing balance | <u>11,053,612</u> | <u>9,828,971</u> |

Provision for employee 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 8,284.51 for each period of service as of 31 December 2021 (31 December 2020: TL 7,117.17).

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:

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17. EMPLOYEE BENEFITS (cont'd)

Long-term provision for employment termination benefits (cont'd)

Provision for employee 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 2021, 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 4.45% real discount rate (31 December 2020: 4.01%) calculated by using 16.8% annual inflation rate and 22.00% 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 2020: 7.35% for 0-15 years; 0% for 15 and more years). Ceiling amount of TL 10,848.59 which is in effect since 1 January 2022 is used in the calculation of Group's provision for retirement pay liability (1 January 2021: TL 7,638.96).

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 employee termination benefits would decrease / (increase) by TL 4,925,786 / TL (3,372,200).
- If the inflation rate had been 1% lower / (higher) while all other variables were held constant, provision for employee termination benefits would increase / (decrease) by TL 719,714 / TL (516,460).

| | 1 January- 31 December 2021 | 1 January- 31 December 2020 |
|---------------------------|--------------------------------|--------------------------------|
| Opening balance | 41,918,160 | 35,490,246 |
| Service cost | 18,288,242 | 8,690,320 |
| Interest cost | 1,680,590 | 1,293,788 |
| Termination benefits paid | (3,333,010) | (3,556,194) |
| Closing balance | <u>58,553,982</u> | <u>41,918,160</u> |

18. OTHER LIABILITIES

| | 31 December 2021 | 31 December 2020 |
|------------------------------|---------------------|---------------------|
| Other short term liabilities | | |
| Expense accruals | 279,367 | 4,177,118 |
| Other liabilities | 17,060 | 58,165 |
| | <u>296,427</u> | <u>4,235,283</u> |

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19. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Share Capital

As of 31 December 2021 and 2020, the share capital held of the Company is as follows:

| Shareholders | Share rate (%) | 31 December 2021 | Share rate (%) | 31 December 2020 |
|--|----------------|--------------------|----------------|--------------------|
| 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 | 16.41 | 24,643,128 |
| Other (*) | 36.55 | 59,414,541 | 36.46 | 59,286,608 |
| | | <u>150,213,600</u> | | <u>150,213,600</u> |
| 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 2021 | 31 December 2020 |
|----------------|--------------------|--------------------|
| Legal reserves | 467,909,963 | 339,342,867 |
| | <u>467,909,963</u> | <u>339,342,867</u> |

According to Turkish Commercial Code, 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 the Turkish Commercial Code, if the general legal reserve does not exceed half of the share capital or the issued capital, it can be used only to close the losses, to continue the business when business is not going well or to take measures to mitigate the results.

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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 4.28 (31 December 2020: TL 3.80).

Since March 2021, the Group has paid dividend to shareholders amounting to TL 225,320,400 (May 2020: TL 105,149,520) TL 1.50 per share (May 2020: TL 0.70).

Funds Subject to Profit Distribution:

As of the reporting period, the Group's total items that may be subject to profit distribution in the statutory records is TL 646,074,071 including the retained earnings amounting to TL 156,418,759 and the net profit for the period amounting to TL 489,655,942.

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.

c) Foreign currency translation differences

As of 31 December 2021 and 2020 foreign currency translation differences are related to the Company's share in the foreign currency translation differences of the associates accounted under equity method.

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20. REVENUE AND COST OF SALES

| | 1 January - 31 December 2021 | 1 January - 31 December 2020 |
|-----------------------|---------------------------------|---------------------------------|
| Foreign sales | 1,557,705,462 | 1,104,587,377 |
| Domestic sales | 965,895,352 | 610,386,397 |
| Domestic energy sales | 13,192,018 | 15,660,643 |
| Other sales | 2,473,229 | 4,125,596 |
| Sale returns (-) | (343,728) | (53,746) |
| Sale discounts (-) | (45,693,301) | (28,369,181) |
| Total Revenue | <u>2,493,229,032</u> | <u>1,706,337,086</u> |

| | 1 January- 31 December 2021 | 1 January- 31 December 2020 |
|--|--------------------------------|--------------------------------|
| Cost of goods sold | (1,618,817,608) | (992,435,499) |
| Cost of merchandise sold | (34,506,775) | (35,316,921) |
| Cost of service provided | (57,710,071) | (35,687,004) |
| Amortization and depreciation expenses (Note: 12 and 13) | (81,611,789) | (75,203,611) |
| Other sales expenses | (1,897,595) | (2,099,367) |
| | <u>(1,794,543,838)</u> | <u>(1,140,742,402)</u> |

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

| | 1 January- 31 December 2021 | 1 January- 31 December 2020 |
|-----------------------------------|--------------------------------|--------------------------------|
| General administrative expenses | (141,092,155) | (107,059,998) |
| Marketing expenses | (76,476,667) | (61,747,880) |
| Research and development expenses | (15,691) | (7,062) |
| | <u>(217,584,513)</u> | <u>(168,814,940)</u> |

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

a) Details of General Administrative Expenses

| | 1 January- 31 December 2021 | 1 January- 31 December 2020 |
|---|--------------------------------|--------------------------------|
| Personnel expenses | (69,086,016) | (44,978,971) |
| Outsourced benefits | (16,351,173) | (10,227,252) |
| Premium expenses | (13,440,372) | (7,117,191) |
| Taxes, duties and fees | (12,386,315) | (10,585,846) |
| Depreciation and amortization expenses (Note: 12 ve 13) | (3,811,300) | (2,146,498) |
| Rent expenses | (3,182,998) | (2,871,068) |
| Amortization expenses on right-of-use assets (Note: 14) | (2,541,536) | (2,068,022) |
| Steam expenses | (2,346,985) | (1,060,738) |
| Maintenance and repairment expenses | (1,657,952) | (1,639,494) |
| Office expenses | (1,107,425) | (950,006) |
| Insurance expenses | (782,882) | (741,261) |
| Doubtful trade receivables expenses (Note: 6) | (5,370,659) | (2,226,953) |
| Electricity expenses | (324,208) | (247,296) |
| Fuel expenses | (108,231) | (91,607) |
| Changes in litigation provision (Note: 15) | (767,907) | (11,572,556) |
| Other expenses | (7,826,196) | (8,535,239) |
| | <u>(141,092,155)</u> | <u>(107,059,998)</u> |

b) Details of Marketing Expenses

| | 1 January- 31 December 2021 | 1 January- 31 December 2020 |
|---|--------------------------------|--------------------------------|
| Exportation expenses | (51,927,310) | (41,909,756) |
| Personnel expenses | (13,787,593) | (11,371,337) |
| Premium expenses | (2,863,115) | (2,033,713) |
| Outsourced benefits | (2,861,659) | (2,051,108) |
| Rent expenses | (635,263) | (468,369) |
| Taxes, duties and fees | (631,852) | (334,471) |
| Maintenance and repairment expenses | (621,862) | (502,604) |
| Transportation expenses | (350,473) | (293,397) |
| Depreciation and amortization expenses (Note: 12 ve 13) | (137,248) | (77,631) |
| Other expenses | (2,660,292) | (2,705,494) |
| | <u>(76,476,667)</u> | <u>(61,747,880)</u> |

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22. EXPENSES BY NATURE

| | 1 January- 31 December 2021 | 1 January- 31 December 2020 |
|---|--------------------------------|--------------------------------|
| Cost of goods sold | (1,618,817,608) | (1,005,696,918) |
| Cost of merchandise sold | (34,506,775) | (35,316,921) |
| Service cost provided | (57,710,071) | (35,687,004) |
| Depreciation and amortization expenses (Note: 12, 13) | (85,560,337) | (77,427,740) |
| Personnel expenses | (82,873,609) | (53,176,417) |
| Exportation expenses | (51,927,310) | (41,909,756) |
| Outsourced benefits | (19,212,832) | (11,908,917) |
| Taxes, duties and fees | (13,018,167) | (10,860,072) |
| Premium expenses | (16,303,487) | (8,784,595) |
| Changes in litigation provision (Note: 15) | (767,907) | (11,572,556) |
| Amortization expenses on right-of-use assets (Note: 14) | (2,541,536) | (2,068,022) |
| Steam expenses | (2,346,985) | (1,060,738) |
| Maintenance and repairment expenses | (2,279,814) | (2,051,570) |
| Rent expenses | (3,818,261) | (3,255,075) |
| Doubtful trade receivable expenses (Note: 6) | (5,370,659) | (2,226,953) |
| Office expenses | (1,107,425) | (950,006) |
| Insurance expenses | (782,882) | (741,261) |
| Transportation expenses | (350,473) | (240,550) |
| Electricity expenses | (324,208) | (247,296) |
| Fuel expenses | (108,231) | (91,607) |
| Other expenses | (12,399,774) | (4,283,368) |
| | <u>(2,012,128,351)</u> | <u>(1,309,557,342)</u> |

Fees for services received from an independent audit firm

Based on the Board Decision of the Public Oversight, Accounting and Auditing Standards Authority “POA” published in the 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 2021 | 1 January- 31 December 2020 |
|--|--------------------------------|--------------------------------|
| Independent audit fee for the reporting period | 420,000 | 325,000 |
| Fee for other assurance services | - | 35,500 |
| | <u>420,000</u> | <u>360,500</u> |

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23. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for the years ended 31 December 2021 and 2020 are as follows:

| | 1 January - 31 December 2021 | 1 January - 31 December 2020 |
|--|---------------------------------|---------------------------------|
| FX gains from trade receivables and payables | 88,777,749 | 12,372,566 |
| Scrap sales income | 6,594,112 | 3,308,381 |
| Insurance income | 3,171,295 | 2,436,834 |
| Interest income | 471,337 | 2,108,975 |
| Compensation and fine income | 11,750 | 2,326,999 |
| Other income | 11,002,648 | 199,511 |
| | <u>110,028,891</u> | <u>22,753,266</u> |

The details of other expense from operating activities for the years ended 31 December 2021 and 2020 are as follows:

| | 1 January - 31 December 2021 | 1 January - 31 December 2020 |
|---|---------------------------------|---------------------------------|
| FX losses from trade receivables and payables | (33,891,371) | (11,142,165) |
| Donations and grants (*) | (11,089,974) | (8,733,522) |
| Accident and damage expenses | (6,152,064) | (2,001,182) |
| Rediscount expenses | (1,667,606) | (1,639,626) |
| Other expenses | (2,084,185) | (1,958,120) |
| | <u>(54,885,200)</u> | <u>(25,474,615)</u> |

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

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24. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

The details of other income from investing activities for the years ended 31 December 2021 and 2020 are as follows:

| | 1 January - 31 December 2021 | 1 January - 31 December 2020 |
|---|---------------------------------|---------------------------------|
| Rent income (*) | 39,384,575 | 26,662,401 |
| Profit on sales of property, plant and equipment and intangible assets | 4,894,865 | 3,881,698 |
| Profit on sale of non-current assets held for sale (****) | - | 22,805,823 |
| Profit on sale of investment property | 528,369 | 2,562,194 |
| Translation differences on investments accounted for using the equity method (***) | - | 2,912,400 |
| Fair value income on investments accounted for using the equity method (**) | - | 198,790,614 |
| Joint venture sales profit | - | 29,390 |
| Other | 1,975,466 | - |
| | <u>46,783,275</u> | <u>257,644,520</u> |

(*) Includes the rent income from investment properties.

(**) The explanation about the transaction is explained in detail in Note 1.

(***) The effect of Ünye Çimento's accumulated other comprehensive income and expenses (foreign currency translation differences) to be reclassified in profit or loss has been accounted for in the income from investing activities account.

(****) Doğalgaz Kombim Çevrim Enerji Santrali classified for sale was sold on 25 December 2020 for a price of TL 44,296,021.

The details of expense from investing activities for the years ended 31 December 2021 and 2020 are as follows:

| | 1 January - 31 December 2021 | 1 January - 31 December 2020 |
|---|---------------------------------|---------------------------------|
| Depreciation expenses from investment property (Note: 11) | (3,442,210) | (3,187,545) |
| Real estate tax for investment property | (2,097,446) | (1,986,191) |
| | <u>(5,539,656)</u> | <u>(5,173,736)</u> |

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25. FINANCE INCOME AND EXPENSES

The details of income from finance activities for the years ended 31 December 2021 and 2020 are as follows:

| | 1 January - 31 December 2021 | 1 January- 31 December 2020 |
|-----------------------------------|---------------------------------|--------------------------------|
| Foreign exchange gains | 240,760,239 | 130,164,974 |
| Interest income | 23,185,474 | 20,258,096 |
| Income from financial investments | - | 389,638 |
| | <u>263,945,713</u> | <u>150,812,708</u> |

The details of expense from finance activities for the years ended 31 December 2021 and 2020 are as follows:

| | 1 January - 31 December 2021 | 1 January- 31 December 2020 |
|--|---------------------------------|--------------------------------|
| Foreign exchange losses | (167,003,024) | (96,370,250) |
| Interest expenses | (22,088,293) | (31,546,861) |
| Interest expense of lease liabilities (Note: 14) | (4,196,901) | (3,410,129) |
| Exchange losses of lease liabilities (Note: 14) | (92,504) | (120,575) |
| Expense from derivative instruments (Note: 29) | - | (1,113,895) |
| | <u>(193,380,722)</u> | <u>(132,561,710)</u> |

26. NON-CURRENT ASSETS HELD FOR SALE

On 24 April 2019, the Company's Board of Directors has decided to sell the Doğalgaz Kombim Çevrim Enerji Santrali, which is in the assets of the Company and whose licences of 119.98 Wne have been revoked, as where it is located and as it is (as where it is, and as it is and dismantling, packing, transportation, insurance and other expenses shall be borne by the buyers). In line with the decision taken, the Company management has recognized the related assets in the consolidated financial statements from property, plant and equipment to non-current assets held for sale.

Details regarding the disposal group classified as held for sale as of 31 December 2021 are given below:

Doğalgaz Kombim Çevrim Enerji Santrali, classified for sale, was sold on 25 December 2020 for a price of TL 44,296,021.

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

Corporate Tax

The Group, its subsidiary 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.

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

Corporate Tax (cont'd)

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 25% for the corporate earnings of the corporations for the 2021 taxation period, and as 23% for the corporate earnings of the 2022 taxation period (31 December 2020 22%), starting from the declarations that must be submitted as of 1 July 2021.

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

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

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

15% 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 2021, 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.

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

Investment Incentives (cont'd)

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. 2012/20 ("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 2021 | 31 December 2020 |
|---------------------------------|---------------------|---------------------|
| <i>Current tax liability</i> | | |
| Current corporate tax provision | 143,338,567 | 95,722,640 |
| Less: prepaid taxes and funds | (97,537,431) | (75,288,089) |
| | <u>45,801,136</u> | <u>20,434,551</u> |

As of 31 December 2021 and 2020, the distribution of consolidated tax expense is as follows:

| | 31 December 2021 | 31 December 2020 |
|--|---------------------|---------------------|
| Corporate tax (-) | (143,338,567) | (95,722,640) |
| Deferred tax income / (expense) | 154,113,610 | (4,352,547) |
| Adjustments made with respect to prior period taxes | - | 5,506,888 |
| Tax expenses incurred within the scope of tax incentives | (16,396,263) | - |
| | <u>(5,621,220)</u> | <u>(94,568,299)</u> |

Tax recognized directly in equity

| | 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) |
| <i>Changes in foreign currency translation differences</i> | - | - | - |
| <i>Actuarial gain from retirement plans</i> | - | - | - |
| <i>Gain from Investments in Financial Instruments based on Equity</i> | (46,470,767) | 2,323,788 | (44,146,979) |
| Other comprehensive income for the period | <u>(46,470,767)</u> | <u>2,323,788</u> | <u>(44,146,979)</u> |

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

Tax recognized directly in equity (cont'd)

| | 1 January - 31 December 2020 | | |
|--|------------------------------|--------------------|--------------------|
| | Before tax amount | Tax expense/income | Net of tax amount |
| Portion of other comprehensive income from investments valued by equity method | (3,043,721) | 72,899 | 140,518,100 |
| <i>Changes in foreign currency translation differences</i> | (2,679,228) | - | (2,679,228) |
| <i>Actuarial gain from retirement plans</i> | (364,493) | 72,899 | (291,595) |
| <i>Gain from Investments in Financial Instruments based on Equity</i> | 151,041,234 | (7,552,311) | 143,488,923 |
| Other comprehensive income for the period | <u>(3,043,721)</u> | <u>72,899</u> | <u>140,518,100</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 (2020: 22%), and 20% over the temporary timing differences expected to reverse after 2022 (2020: 22%).

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27. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (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. Deferred tax assets, liabilities, income and expenses and temporary differences that form the basis of deferred tax calculations are as follows:

| | 31 December 2021 | 31 December 2020 |
|--|---------------------|---------------------|
| Temporary differences from property, plant and equipment and intangible assets (*) | 122,505,344 | (27,609,311) |
| Provision for employment termination benefits | 11,710,796 | 8,383,632 |
| Seniority incentive bonus | 2,250,735 | 1,965,794 |
| Unused vacation liability | 1,001,665 | 697,885 |
| Provision for land restoration provision | 1,393,495 | 929,067 |
| Provision for doubtful receivables (including TFRS 9 impact) | 7,236,325 | 5,728,402 |
| Provision for legal claims | 4,190,108 | 4,038,999 |
| Temporary differences from inventories | 1,168,154 | 900,211 |
| Impairment for subsidiaries | - | 486,752 |
| Temporary differences from derivative instruments | - | (221,578) |
| Expected credit losses from demand and time deposits - TFRS 9 | 209,883 | 330,305 |
| Borrowings from right-of-use assets and lease transactions | 575,412 | 790,463 |
| Temporary differences from investment property | 1,010,189 | 1,079,252 |
| Financial asset value increases | (10,636,040) | (12,959,828) |
| Other | (1,918,291) | (279,668) |
| | <u>140,697,775</u> | <u>(15,739,623)</u> |
| Deferred tax assets | 186,196,931 | 14,828,161 |
| Deferred tax liabilities | (45,499,156) | (30,567,784) |
| Deferred tax liabilities, net | <u>140,697,775</u> | <u>(15,739,623)</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 819,813,226 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 155,645,348 have been recognized.

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

Deferred tax (cont'd):

Movement of deferred tax (assets) / liabilities as of 31 December 2021 is as follows:

| <u>Movement of deferred tax liabilities:</u> | 1 January- 31 December 2021 | 1 January- 31 December 2020 |
|--|--------------------------------|--------------------------------|
| Opening balance as of 1 January | (15,739,623) | (3,834,765) |
| Charged to statement of income | 154,113,610 | (4,352,547) |
| Charged to equity | 2,323,788 | (7,552,311) |
| Closing balance | <u>140,697,775</u> | <u>(15,739,623)</u> |

Total charge for the year can be reconciled to the accounting profit as follows:

| <u>Income tax reconciliation:</u> | 1 January- 31 December 2021 | 1 January- 31 December 2020 |
|--|--------------------------------|--------------------------------|
| Income before tax from operating activities | 648,052,982 | 664,817,708 |
| Effective income tax rate | 25% | 22% |
| Expected taxation expenses | (162,013,246) | (146,259,896) |
| Tax effect of: | | |
| - Undeductible expenses | (11,798,189) | (4,788,656) |
| - Withholding tax on dividends | - | - |
| - Discount and donations | 6,023,933 | 2,248,364 |
| - Reduced tax effect within the scope of the incentive | 10,449,302 | - |
| - Fair valuation of financial investment different tax rate effect | - | 38,304,101 |
| - The effect of the investment valued by using equity method in shares of profit/loss | - | 8,257 |
| - Translation difference effect | - | 640,728 |
| - Adjustment related to prior period's tax | - | 5,506,888 |
| - Tax expenses incurred within the scope of tax incentives | 16,396,263 | - |
| - Effects of tax rate change on deferred tax amount | - | 4,173,279 |
| - Effect of inflation valuation on tax records of property, plant and equipment | 155,622,598 | - |
| - Tax effect of other adjustments | (20,301,881) | 5,598,636 |
| Tax provision expense recognised in profit or loss | <u>(5,621,220)</u> | <u>(94,568,299)</u> |

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28. 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.

Companies can increase their capital by distributing shares (“Bonus Shares”) from accumulated profits and reassessment funds to current shareholders based on the number of shareholders’ shares. When calculating earnings per share, the issuance of bonus shares is considered to be the same as shares issued. Therefore, the weighted average number of shares, which is used when calculating the earning per share, is gained by retrospectively counting the issuance of bonus shares.

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 2021 | 1 January- 31 December 2020 |
|--|--------------------------------|--------------------------------|
| Profit for the period | 642,431,762 | 570,249,409 |
| Weighted average number of ordinary shares (TL 1 nominal value per share earnings per share) | 150,213,600 | 150,213,600 |
| | 4.28 | 3.80 |

29. FINANCIAL INSTRUMENTS

Financial Investments

| | <u>Short-term</u> | | <u>Long-term</u> | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 |
| <i>Financial assets at fair value through profit or loss</i> | | | | |
| a) Eurobonds | - | - | 111,589,096 | 124,223,091 |
| b) Non-listed company shares | - | - | 136,205 | 136,205 |
| <i>Financial assets at fair value through other comprehensive income</i> | | | | |
| b) Listed company shares | - | - | 417,225,599 | 463,701,362 |
| <i>Financial assets at amortized cost</i> | | | | |
| d) Term deposits with a maturity of more than 3 months | 7,767,675 | 4,306,566 | - | - |
| | <u>7,767,675</u> | <u>4,306,566</u> | <u>528,950,900</u> | <u>588,060,658</u> |

a) Eurobonds:

| | 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> |
| | 31 December 2020 | | | |
| | Nominal Value | Carrying Value | Change | Profit / (Loss) |
| Eurobonds | 123,293,065 | 124,223,091 | 930,026 | 930,026 |
| | <u>123,293,065</u> | <u>124,223,091</u> | <u>930,026</u> | <u>930,026</u> |

As of 31 December 2021, 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.

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29. FINANCIAL INSTRUMENTS (cont'd)

Financial Liabilities (cont'd)

b) Non-listed company shares:

| <u>Associates</u> | <u>Participation rate (%)</u> | <u>31 December 2021</u> | <u>Participation rate (%)</u> | <u>31 December 2020</u> |
|---|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| 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 2021 and 31 December 2020, 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:

| <u>Shares</u> | <u>31 December 2021</u> | <u>31 December 2020</u> |
|-----------------------------------|-----------------------------|-----------------------------|
| Oyak Çimento Fabrikaları A.Ş. (*) | 417,225,599 | 463,701,362 |
| | <u>417,225,599</u> | <u>463,701,362</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 1.00% amounting to USD 568,549, equivalent to TL 7,767,675. Related amount is shown under short-term financial investments (31 December 2020: TL 4,306,566).

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29. FINANCIAL INSTRUMENTS (cont'd)

Financial Liabilities

| | 31 December 2021 | 31 December 2020 |
|--|---------------------------|---------------------------|
| Short-term bank borrowings | 248,000,000 | 155,513,285 |
| Short-term portions of long-term borrowings | 159,639,079 | 26,942,843 |
| Short-term portions of long-term lease liabilities | 1,943,928 | 4,169,226 |
| Total short-term borrowings | <u>409,583,007</u> | <u>186,625,354</u> |
| Long-term bank borrowings | 312,655,357 | 115,529,000 |
| Long-term lease liabilities | 23,044,387 | 18,558,230 |
| Total financial borrowings | <u><u>745,282,751</u></u> | <u><u>320,712,584</u></u> |

As of 31 December 2021 and 2020, details of the short and long-term borrowings which are Group used are stated below:

| Currency | Interest Rate (%) | 31 December 2021 | |
|----------|-------------------|--------------------|--------------------|
| | | Current | Non-Current |
| Euro | 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> |

| Currency | Interest Rate (%) | 31 December 2020 | |
|----------|-------------------|--------------------|--------------------|
| | | Current | Non-Current |
| Euro | 2.25 - 2.65 | 52,555,120 | 90,079,000 |
| TL | 6.95 - 8.50 | 129,901,008 | 25,450,000 |
| | | <u>182,456,128</u> | <u>115,529,000</u> |

Maturity of borrowings are stated below:

| | 31 December 2021 | | | 31 December 2020 | | |
|------------------------------|--------------------|-------------------|--------------------|--------------------|-------------------|--------------------|
| | Bank Borrowings | Lease Liabilities | Total Borrowings | Bank Borrowings | Lease Liabilities | Total Borrowings |
| To be paid within 1 year | 400,181,936 | 1,943,928 | 402,125,864 | 182,456,128 | 4,169,226 | 186,625,354 |
| To be paid between 1-2 years | 294,662,500 | 1,871,949 | 296,534,449 | 90,079,000 | 375,817 | 90,454,817 |
| To be paid between 2-3 years | - | 2,092,201 | 2,092,201 | - | 443,050 | 443,050 |
| To be paid between 3-4 years | 25,450,000 | 1,060,668 | 26,510,668 | - | 522,312 | 522,312 |
| To be paid between 4-5 years | - | 1,153,416 | 1,153,416 | 25,450,000 | 615,754 | 26,065,754 |
| To be paid between 5+ years | - | 16,866,153 | 16,866,153 | - | 16,601,297 | 16,601,297 |
| | <u>720,294,436</u> | <u>24,988,315</u> | <u>745,282,751</u> | <u>297,985,128</u> | <u>22,727,456</u> | <u>320,712,584</u> |

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29. FINANCIAL INSTRUMENTS (cont'd)

Financial Liabilities (cont'd)

The reconciliation of liabilities arising from financing activities and leasing transactions is as follows:

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 2021 | Financing cash- flows | 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> |

| | 1 January 2020 | Financing cash- flows | Non-cash changes | | | 31 December 2020 |
|-------------------|--------------------|--------------------------|-----------------------------------|---------------------------------|--------------------------|---------------------|
| | | | Interest accrual adjustment | Foreign currency movement | New lease liabilities | |
| Bank loans | 331,149,373 | (67,905,334) | 1,462,389 | 33,278,700 | - | 297,985,128 |
| Lease liabilities | 23,826,097 | (5,864,795) | 3,410,129 | - | 1,356,025 | 22,727,456 |
| | <u>354,975,470</u> | <u>(73,770,129)</u> | <u>4,872,518</u> | <u>33,278,700</u> | <u>1,356,025</u> | <u>320,712,584</u> |

Derivative Transactions

Currency derivative transactions:

| | 31 December 2021 | | 31 December 2020 | |
|------------------------------------|------------------|-------------|------------------|-------------|
| | Assets | Liabilities | Assets | Liabilities |
| Foreign currency forward contracts | - | - | 1,107,891 | - |
| Short-term | - | - | 1,107,891 | - |
| Long-term | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>1,107,891</u> | <u>-</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.

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29. FINANCIAL INSTRUMENTS (cont'd)

Derivative Transactions (cont'd)

As of 31 December 2021, the Group does not have a cross exchange contract (31 December 2020: Market value is estimated to be approximately TL 21,786,375, profit is TL 1,113,895).

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.

30. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Capital risk management

The Group tries to ensure continuance of its operations in the capital management on one hand and maximize its profit through the optimization of the debt and equity balance on the other hand.

The capital structure of the Group consists of debt, which includes the borrowings, cash and cash equivalents, comprising issued capital, reserves and equity items including the previous year earnings as specified in Note 29.

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.

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 financial position.

During 2021, the Group's strategy, which was unchanged from 2020, 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 2021 and 2020 were as follows:

| | 31 December 2021 | 31 December 2020 |
|--|---------------------|---------------------|
| Financial Liabilities (Note: 29) | 745,282,751 | 320,712,584 |
| Less: Cash and Cash Equivalents and Short-Term Financial Investments (Note: 34) | (561,651,947) | (468,774,772) |
| Net Debt | 183,630,804 | (148,062,188) |
| Total Equity | 2,171,850,035 | 1,798,885,652 |
| Total Capital | 2,355,480,839 | 1,650,823,464 |
| Gearing Ratio | 8% | %0 |

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

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. 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.

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.

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

b) Financial Risk Factors (cont'd)

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

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 2021, 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 |

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30. 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 | Bank Deposits |
|---|----------------------|--------------------|----------------------|--------------------|--|-----------------------|---------------|
| | Trade Receivables | Other Receivables | Third Party | Related Party | | | |
| 31 December 2021 | Related Party | Third Party | Related Party | Third Party | | | |
| Minimum credit risk exposure at the balance sheet date (*) | 17,800 | 433,727,606 | - | 56,814,885 | 96,588,895 | 536,718,575 | 465,034,475 |
| - 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 | 465,034,475 |
| 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.

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30. 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 | Bank Deposits |
|---|-------------------|--------------|-------------------|-------------|-------------|--|-----------------------|---------------|
| | Trade Receivables | | Other Receivables | | | | | |
| 31 December 2020 | Related Party | Third Party | Related Party | Third Party | Third Party | | | |
| Minimum credit risk exposure at the balance sheet date (*) | 73,813 | 309,863,409 | - | 6,478,855 | 1,860,457 | - | 592,367,224 | 466,874,175 |
| - Secured portion of minimum credit risk via guarantee or etc. (**) | - | 194,050,878 | - | - | - | - | - | - |
| A. Net book value of not due or not impaired financial assets | 73,813 | 249,014,795 | - | 6,478,855 | 1,860,457 | - | 592,367,224 | 466,874,175 |
| B. Net book value of assets that are due but not impaired | - | 60,848,614 | - | - | - | - | - | - |
| - Overdue (gross book value) | - | 60,848,614 | - | - | - | - | - | - |
| - Secured net value via guarantee or etc. | - | 25,585,450 | - | - | - | - | - | - |
| C. Net book value of impaired assets | - | - | - | - | - | - | - | - |
| - Overdue (gross book value) | - | 78,753,516 | - | 1,310,637 | - | - | - | - |
| - Impairment (-) | - | (78,753,516) | - | (1,310,637) | - | - | - | - |
| - 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.

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

b) Financial Risk Factors (cont'd)

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

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. The Group seeks to mitigate credit risk by conducting transactions only with creditworthy parties and, where possible, by obtaining adequate collateral. The credit risks that the Group is exposed to and the credit ratings of its customers are constantly monitored. Credit risk is controlled through limits set for customers and reviewed and approved annually by senior management.

Trade receivables cover a large number of customers in the construction industry and geographically dispersed. Credit assessments are made on the customers' trade receivable balances, and receivables are insured when deemed necessary.

Aging analysis of the receivables which are overdue but not impaired is as follows:

| | Trade Receivables | |
|--------------------------------------|-------------------|------------------|
| | 31 December 2021 | 31 December 2020 |
| Until 1-90 days | 24,051,034 | 51,101,092 |
| Until 3-6 months | 1,787,006 | 6,761,737 |
| Until 6-9 months | 4,401,221 | 2,245,102 |
| Until 9-12 months | 880,942 | 449,376 |
| More than 1 year past due | 571,069 | 291,307 |
| Total overdue receivables | 31,691,272 | 60,848,614 |
| Secure portion with guarantee letter | (26,611,390) | (25,585,450) |
| | 5,079,882 | 35,263,164 |

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. 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 receivables or payables are not fixed, the amount disclosed is determined using the interest rate derived from the yield curves at the report date.

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

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

31 December 2021

| <u>Due dates on agreement</u> | <u>Carrying Value</u> | <u>Cash outflows according to agreements (I+II+III)</u> | <u>Less than 3 months (I)</u> | <u>Between 3-12 months (II)</u> | <u>Between 1-5 years (III)</u> |
|---|-----------------------|---|-----------------------------------|-------------------------------------|------------------------------------|
| Non-derivative financial instruments | | | | | |
| 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 | - | - |
| Total liabilities | 1,047,188,989 | 1,117,448,067 | 306,488,251 | 421,792,055 | 389,167,761 |
| Derivative financial assets | | | | | |
| Derivative cash inflows | - | - | - | - | - |
| | - | - | - | - | - |

31 December 2020

| <u>Due dates on agreement</u> | <u>Carrying Value</u> | <u>Cash outflows according to agreements (I+II+III)</u> | <u>Less than 3 months (I)</u> | <u>Between 3-12 months (II)</u> | <u>Between 1-5 years (III)</u> |
|---|-----------------------|---|-----------------------------------|-------------------------------------|------------------------------------|
| Non-derivative financial instruments | | | | | |
| Bank loans | 297,985,128 | 364,825,982 | 27,850,290 | 214,392,265 | 122,583,427 |
| Lease liabilities | 22,727,456 | 26,137,585 | 6,287,827 | 9,461,447 | 10,388,311 |
| Trade payables | 221,230,155 | 221,230,155 | 221,230,155 | - | - |
| Other payables | 11,053,672 | 11,053,672 | 11,053,672 | - | - |
| Payables due to personnel | 8,166,962 | 8,166,962 | 8,166,962 | - | - |
| Total liabilities | 561,163,373 | 631,414,356 | 274,588,906 | 223,853,712 | 132,971,738 |
| Derivative financial liabilities | | | | | |
| Derivative cash inflows | 1,107,891 | 1,107,891 | - | 1,107,891 | - |
| | 1,107,891 | 1,107,891 | - | 1,107,891 | - |

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 compared to the previous year in Group's exposure to the market risks and the methods that the Group's measurement and management of these market risks.

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30. 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 2021 | | | |
|--|--|---------------------|---------------------|--------------|
| | TL Equivalents (Functional currency) | US Dollars | Euro | GBP |
| 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 | - | - |
| 4. CURRENT ASSETS | 568,683,769 | 40,476,629 | 2,951,665 | 3,500 |
| 6a. Monetary Financial Assets | 14,102,561 | 527,760 | 494,034 | - |
| 8. NON CURRENT ASSETS | 14,102,561 | 527,760 | 494,034 | - |
| 9. TOTAL ASSETS | 582,786,330 | 41,004,389 | 3,445,699 | 3,500 |
| 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) | - |
| 13. CURRENT LIABILITIES | (189,572,681) | (2,600,369) | (10,613,214) | - |
| 15. Financial Liabilities | (194,662,500) | (15,000,000) | - | - |
| 16b. Monetary Other Liabilities | (30,617,596) | (2,181,343) | (157,279) | - |
| 17. NON-CURRENT LIABILITIES | (225,280,096) | (17,181,343) | (157,279) | - |
| 18. TOTAL LIABILITIES | (414,852,777) | (19,781,712) | (10,770,493) | - |
| 20. Net foreign currency asset / (liability) position (9+18) | 167,933,553 | 21,222,677 | (7,324,794) | 3,500 |
| 21. Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a) | 167,933,553 | 21,222,677 | (7,324,794) | 3,500 |
| 23. Import | 603,321,458 | 64,995,997 | 2,765,460 | - |
| 24. Export | 1,491,060,613 | 168,276,943 | 351,633 | - |

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(Amounts expressed in Turkish Lira (TL))

30. 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 2020 | | | |
|--|--|--------------------|---------------------|--------------|
| | TL Equivalents (Functional currency) | US Dollars | Euro | GBP |
| 1. Trade receivables | 39,141,853 | 4,769,662 | 458,503 | - |
| 2a. Monetary Financial Assets | 383,194,860 | 49,686,043 | 2,047,054 | 3,500 |
| 2b. Non-Monetary Financial Assets | 120,884,073 | 16,468,098 | - | - |
| 4. Current Assets | 543,220,786 | 70,923,803 | 2,505,557 | 3,500 |
| 6a. Monetary Financial Assets | 9,191,761 | 797,199 | 370,777 | - |
| 8. NON CURRENT ASSETS | 9,191,761 | 797,199 | 370,777 | - |
| 9. TOTAL ASSETS | 552,412,547 | 71,721,002 | 2,876,334 | 3,500 |
| 10. Trade Payables | (36,699,409) | (4,314,722) | (558,087) | - |
| 11. Financial Liabilities | (52,555,115) | - | (5,834,336) | - |
| 12a. Monetary Other Liabilities | (3,751,305) | (510,490) | (450) | - |
| 13. CURRENT LIABILITIES | (93,005,829) | (4,825,212) | (6,392,873) | - |
| 15. Financial Liabilities | (90,079,000) | - | (10,000,000) | - |
| 16b. Monetary Other Liabilities | (2,530,052) | (310,429) | (27,903) | - |
| 17. NON-CURRENT LIABILITIES | (92,609,052) | (310,429) | (10,027,903) | - |
| 18. TOTAL LIABILITIES | (185,614,881) | (5,135,641) | (16,420,776) | - |
| 20. Net foreign currency asset / (liability) position (9+18) | 366,797,666 | 66,585,361 | (13,544,442) | 3,500 |
| 21. Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a) | 366,797,666 | 66,585,361 | (13,544,442) | 3,500 |
| 23. Import | 210,412,467 | 24,196,456 | 5,110,432 | - |
| 24. Export | 1,076,895,873 | 143,491,909 | 8,979,865 | - |

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30. 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 or equity.

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 2021 | | 31 December 2020 | |
|---|--|--|--|--|
| | Profit / Loss | | Profit / Loss | |
| | Value increase in foreign currency | Value decrease in foreign currency | Value increase in foreign currency | Value decrease in foreign currency |
| In case 20% appreciation of USD against TL | | | | |
| 1 - USD net asset / liability | 55,083,458 | (55,083,458) | 97,753,968 | (97,753,968) |
| 2- Amount hedged USD risk (-) | - | - | - | - |
| 3- USD net effect (1 +2) | 55,083,458 | (55,083,458) | 97,753,968 | (97,753,968) |
| In case 20% appreciation of Euro against TL | | | | |
| 4 - Euro net asset / liability | (21,508,965) | 21,508,965 | (24,401,396) | 24,401,396 |
| 5- Amount hedged Euro risk (-) | - | - | - | - |
| 6- Euro net effect (4 +5) | (21,508,965) | 21,508,965 | (24,401,396) | 24,401,396 |
| In case 20% appreciation of other currencies against TL | | | | |
| 7 - Other currencies net asset / liability | 12,217 | (12,217) | 6,960 | (6,960) |
| 8- Amount hedged other currencies risk (-) | - | - | - | - |
| 9- Other currencies net effect (7 +8) | 12,217 | (12,217) | 6,960 | (6,960) |
| TOTAL (3 + 6 +9) | 33,586,710 | (33,586,710) | 73,359,532 | (73,359,532) |

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30. 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 fluctuation 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.

The following tables detail the foreign currency forward contracts outstanding at the end of the reporting period, as well as information regarding their related hedged items. Foreign currency forward contract assets and liabilities are presented in the line 'Derivative financial instruments' (shown as liabilities) within the statement of financial position (Note: 29).

| Hedging instruments | Average rate | | Nominal amount: Foreign currency | | Nominal amount: Turkish Lira | | Fair value change of ineffective portion according to hedge accounting | |
|------------------------|-------------------------|------------------|----------------------------------|------------------|------------------------------|------------------|--|------------------|
| | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 |
| | <i>Cash Flow Hedges</i> | | | | | | | |
| Purchase of US Dollars | | | | | | | | |
| Less than 3 months | - | - | - | - | - | - | - | - |
| Between 3-6 months | - | 7.1107 | - | 500,000 | - | 3,555,375 | - | 183,906 |
| Between 6-12 months | - | 7.2924 | - | 2,500,000 | - | 18,231,000 | - | 923,985 |
| Over 12 months | - | - | - | - | - | - | - | - |
| | | | | 3,000,000 | | 21,786,375 | | 1,107,891 |

b.3.2) Interest rate risk management

The Group's borrowing at fixed and floating interest rates exposes the Group to interest rate risk. In the creation of the optimal hedging strategy, it is aimed to review the position of the balance sheet and to keep the interest expenditures under control at different interest rates.

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

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

b.3.2) Interest rate risk management (con'd)

Interest rate sensitivity

Details of the Group's interest rates of financial assets and liabilities are stated below:

| | Interest Rate Position Table | |
|--|-------------------------------------|-------------------------|
| | 31 December 2021 | 31 December 2020 |
| Financial Instruments | | |
| with fixed interest rate | 1,076,897,716 | 761,658,796 |
| Time Deposits (TL) | 62,824,346 | 88,410,129 |
| Time Deposits (Foreign Currency) | 293,778,934 | 375,263,539 |
| Total Time Deposits (Note: 34) | 356,603,280 | 463,673,668 |
| Financial Liabilities (TL) | 377,425,463 | 134,462,953 |
| Financial Liabilities (Foreign Currency) | 342,868,973 | 163,522,175 |
| Lease Liabilities (TL) | 24,815,772 | 21,251,571 |
| Lease Liabilities (Foreign Currency) | 172,543 | 1,475,885 |
| Variable Rate Instruments | | |
| Financial Liabilities | - | - |
| Total Financial Liabilities (Note: 29) | 745,282,751 | 320,712,584 |

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31. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES)

| 31 December 2021 | Financial assets at amortized cost | FVTPL | FVTOCI | Financial liabilities at amortized cost | Carrying value | Note |
|--|---------------------------------------|---------|-------------|--|----------------|-------|
| Financial assets | | | | | | |
| Cash and cash equivalents | 553,884,272 | - | - | - | 553,884,272 | 34 |
| Trade receivables | 433,745,406 | - | - | - | 433,745,406 | 6 |
| Financial investments | 119,356,771 | 136,205 | 417,225,599 | - | 536,718,575 | 29-34 |
| Other receivables | 56,814,885 | - | - | - | 56,814,885 | 7 |
| Financial liabilities | | | | | | |
| Bank loans | - | - | - | 745,282,751 | 745,282,751 | 29-34 |
| 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 carrying values of financial assets and liabilities approximate their fair values.

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31. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES) (cont'd)

| 31 December 2020 | Financial assets at amortized cost | FVTPL | FVTOCI | Financial liabilities at amortized cost | Carrying value | Note |
|--|---------------------------------------|-----------|-------------|--|----------------|-------|
| <u>Financial assets</u> | | | | | | |
| Cash and cash equivalents | 464,468,206 | - | - | - | 464,468,206 | 34 |
| Trade receivables | 309,937,222 | - | - | - | 309,937,222 | 6 |
| Financial investments | 128,529,657 | 136,205 | 463,701,362 | - | 592,367,224 | 29-34 |
| Derivative instruments | - | 1,107,891 | - | - | 1,107,891 | 29 |
| Other receivables | 6,478,855 | - | - | - | 6,478,855 | 7 |
| <u>Financial liabilities</u> | | | | | | |
| Bank loans | - | - | - | 320,712,584 | 320,712,584 | 29 |
| Trade payables | - | - | - | 221,230,155 | 221,230,155 | 6 |
| Other payables | - | - | - | 11,053,672 | 11,053,672 | 7 |
| Payables related to employee benefits | - | - | - | 8,166,962 | 8,166,962 | 17 |

The carrying values of financial assets and liabilities approximate their fair values.

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31. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES) (cont'd)

Fair value of financial instruments

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

- 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;
- 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.

Assets and liabilities measured at fair value based on valuation techniques:

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined:

| <u>Financial Liabilities</u> | <u>Fair value</u> | | <u>Fair value level</u> | <u>Valuation technique</u> |
|---------------------------------------|-------------------------|-------------------------|-------------------------|----------------------------|
| | <u>31 December 2021</u> | <u>31 December 2020</u> | | |
| Foreign currency forward transactions | - | 1,107,891 | Level 2 | Market value |

The reconciliation of financial liabilities which valued at level 2 are stated as follows:

| | <u>31 December 2021</u> | <u>31 December 2020</u> |
|---------------------------------------|---------------------------------|---------------------------------|
| | <u>Financial liability</u> | <u>Financial liability</u> |
| | <u>recognized at fair value</u> | <u>recognized at fair value</u> |
| | <u>through profit or loss</u> | <u>through profit or loss</u> |
| | <u>Derivative Financial</u> | <u>Derivative Financial</u> |
| | <u>Instruments</u> | <u>Instruments</u> |
| Opening balance, 1 January | - | 2,221,786 |
| Total gain | | |
| -The period profit / (loss) | - | (1,113,895) |
| as reflected in the profit (Note: 25) | | |
| Closing balance, 31 December | <u>-</u> | <u>1,107,891</u> |

32. 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.

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33. EVENTS AFTER THE REPORTING PERIOD

According to the Tax Procedure Law No. 7352 and the Law on the Amendment of the Corporate Tax Law published in the Official Gazette dated 29 January 2022 and numbered 31734, the application of inflation adjustment in the TPL financial statements was postponed to 31 December 2023.

In addition, with the temporary article 14 added to the Corporate Tax Law with the 2nd article of the same Law, an exemption is provided for the profits obtained from the translation of foreign currency and gold accounts of institutions into Turkish Lira deposit and participation accounts.

According to the regulation, institutions must convert their foreign currencies in their balance sheets as at 31 December 2021 into Turkish Lira until the submission date of the fourth temporary tax period (25 February 2022) and in case the Turkish Lira asset thus obtained are evaluated in the Turkish Lira deposit and participation accounts within the time and manner stipulated in the Provisional Article the foreign exchange gains related to the accounts translated into Turkish Lira and the interest and profit shares and other gains obtained at the end of the maturity period, including those arising from the period-end valuation of the said accounts, will be exempt from corporate tax, until submission of the portion of the exchange gains arising from the period-end valuation of foreign currencies corresponding to the period between 1 October 2021 and 31 December 2021 and the submission of the declaration for the fourth temporary tax period of 2021 (25 February 2022). This issue is considered as non-adjusting events according to TAS 10 "Events After the Reporting Period" in the accompanying financial statements. Within the scope of this regulation, the Company has provided a tax advantage of TL 11,405,635 and has not reflected this amount in its accompanying financial statements.

34. DISCLOSURES OF STATEMENT OF CASH FLOWS

| | 31 December 2021 | 31 December 2020 |
|--|---------------------------|---------------------------|
| Cash on hand | 28,577 | 40,140 |
| Cash at banks | 457,266,800 | 462,567,609 |
| <i>Demand deposits</i> | 108,431,195 | 3,200,507 |
| <i>Time deposits</i> | 348,835,605 | 459,367,102 |
| Cheques and notes received | 96,588,895 | 1,860,457 |
| Cash and Cash Equivalents as shown in cash flows | <u>553,884,272</u> | <u>464,468,206</u> |
| Less: Time deposits over 3 months maturity | 7,767,675 | 4,306,566 |
| Cash and Cash Equivalents | <u><u>561,651,947</u></u> | <u><u>468,774,772</u></u> |

The credit risk, foreign currency and sensitivity risks of financial assets and liabilities are disclosed in Note 30.

As of 31 December 2021 and 2020, 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 2021</u> |
|-----------------|--------------------------|-------------------------|
| TL | 14.75 - 23.00 | 62,824,346 |
| US Dollars | 0.15 - 1.75 | 286,011,259 |

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34. DISCLOSURES OF STATEMENT OF CASH FLOWS (cont'd)

| <u>Currency</u> | <u>Interest rate (%)</u> | <u>31 December 2020</u> |
|-----------------|--------------------------|-------------------------|
| TL | 16.25 - 17.85 | 84,103,563 |
| US Dollars | 0.25 - 3.4 | 358,507,688 |
| Euro | 0.05 | 16,755,851 |

As of 31 December 2021, the maturities of time deposits vary between 3 and 90 days (31 December 2020 - 4 to 34 days). Interest rates on time deposits are fixed.

CORPORATE GOVERNANCE COMPLIANCE REPORT (URF)

| | Yes | Partially | No | Exempted | Irrelevant | Explanation |
|--|-----|-----------|----|----------|------------|--|
| 1.1. SIMPLIFIED EXERCISE OF SHAREHOLDERS' RIGHTS | | | | | | |
| 1.1.2 - Information and explanations which might affect the exercise of shareholding rights are made available to the investors on the corporate website of the corporation in an up-to-date manner. | X | | | | | |
| 1.2. THE RIGHT TO OBTAIN INFORMATION ABOUT THE COMPANY'S AFFAIRS AND TO INSPECT THE COMPANY BOOKS | | | | | | |
| 1.2.1 - The Company management has refrained from taking any action that would make it difficult to conduct a private audit. | X | | | | | |
| 1.3. GENERAL ASSEMBLY | | | | | | |
| 1.3.2 - The Company ensured that the agenda of the General Assembly was clearly stated and each proposal was given under a separate heading. | X | | | | | |
| 1.3.7 - The persons with privileged access to shareholding information have informed the board of directors of the transactions carried out by them on their own behalf within the scope of the area of activity of the corporation, in order for the same to be included in the agenda to ensure that information is given thereon in the general assembly. | | | | | X | No such transaction was reported. |
| 1.3.8 - With regard to the matters of particular importance on the agenda, the board members, other relevant persons, officials responsible for preparation of financial statements, and auditors were present at the General Assembly meeting. | X | | | | | |
| 1.3.10 - In the General Assembly, the amounts of all donations and charities and their beneficiaries are included in a separate item on the agenda. | | | | X | | Donations and charities have been included in the agenda of the General Assembly as a separate item. Information document for the ordinary general shareholders' meeting held in 2021 includes the total amount of donations and details of the highest donations. |
| 1.3.11 - The General Assembly meeting was held publicly, including the beneficiaries and media, without the right to speak. | X | | | | | |
| 1.4. VOTING RIGHT | | | | | | |
| 1.4.1 - There are no restrictions or practices that make it difficult for shareholders to exercise their voting rights. | X | | | | | |
| 1.4.2 - The Company has no share with privileged voting right. | X | | | | | |
| 1.4.3 - The Company did not exercise its voting rights in the General Assembly of any corporation with which it is in a cross-shareholding relationship which also brings with it a control relationship. | | | | | X | Nuh Çimento has no cross-shareholding relationship with another company which also brings with it a control relationship |
| 1.5. MINORITY RIGHTS | | | | | | |
| 1.5.1 - The Company showed utmost care to allow the exercise of minority rights. | X | | | | | |
| 1.5.2 - Minority rights are also granted to holders of less than one-twentieth of the share capital, and the scope of minority rights is expanded by the articles of association. | | | | X | | The shareholders who hold less than one-twentieth of the share capital are not granted minority rights, and they are provided with the rights enumerated in general regulations in the legislation. No request was received from the investors to the contrary. |
| 1.6. DIVIDEND RIGHT | | | | | | |
| 1.6.1 - The dividend distribution policy approved by the General Assembly was made public on the corporate website of the corporation. | X | | | | | |
| 1.6.2 - The dividend distribution policy contains such minimum information in sufficient clarity to allow shareholders to predict the procedures and principles of distribution of the profit to be earned by the corporation in the future periods. | X | | | | | |
| 1.6.3 - The reasons for not distributing dividends and how the undistributed profit was used are stated in the relevant agenda item. | | | | | X | Dividends have been distributed. |
| 1.6.4 - The board of directors reviewed whether the dividend distribution policy observes the balance between the interests of shareholders and the interests of the corporation. | X | | | | | |
| 1.7. SHARE TRANSFER | | | | | | |
| 1.7.1 - There is no limitation which makes it difficult to transfer the shares. | X | | | | | |
| 2.1. CORPORATE WEBSITE | | | | | | |
| 2.1.1 - The Company's corporate website contains all the elements set out in the corporate governance principle no. 2.1.1. | X | | | | | |
| 2.1.2 - Shareholding structure (names, privileges and share number and percentage of those natural 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 - Information on the Company's corporate website has also been prepared in foreign languages selected according to needs so as to provide the exact same content as the Turkish version. | | | | X | | The website was prepared in accordance with the issues specified in the Corporate Governance Principles. A large part of the website was arranged in a way that foreign investors can use. |
| 2.2. ANNUAL REPORT | | | | | | |
| 2.2.1 - The board of directors ensures that the annual report reflects the company's activities fully and accurately. | X | | | | | |
| 2.2.2 - The annual report contains all the elements set out in the principle no. 2.2.2. | X | | | | | |

| | Yes | Partially | No | Exempted | Irrelevant | Explanation |
|--|-----|-----------|----|----------|------------|--|
| 3.1. THE COMPANY'S POLICY ON BENEFICIARIES | | | | | | |
| 3.1.1 - Rights of beneficiaries are protected within the framework of relevant regulations, contracts and good faith rules. | X | | | | | |
| 3.1.3 - Policies and procedures on the rights of beneficiaries are published on the company's corporate website. | | | X | | | <i>There is no policy or procedure on this subject published on the corporate website.</i> |
| 3.1.4 - Necessary mechanisms have been established for stakeholders to report transactions that are contrary to the legislation and ethically inappropriate. | X | | | | | |
| 3.1.5 - The Company handles conflicts of interest between beneficiaries in a balanced manner. | X | | | | | |
| 3.2. SUPPORTING STAKEHOLDERS' PARTICIPATION IN COMPANY MANAGEMENT | | | | | | |
| 3.2.1 - Participation of employees in management was regulated by the articles of association or internal regulations. | | X | | | | <i>Participation of employees in management is not regulated by the articles of association or internal regulations.</i> |
| 3.2.2 - Methods such as surveys/consultations were applied to obtain the opinions of stakeholders on important decisions that have consequences for them. | X | | | | | |
| 3.3. THE COMPANY'S HUMAN RESOURCES POLICY | | | | | | |
| 3.3.1 - The Company adopted an employment policy ensuring equal opportunity and succession planning for all key manager positions. | | X | | | | <i>There is no written succession plan.</i> |
| 3.3.2 - Criteria for personnel recruitment is determined in writing. | X | | | | | |
| 3.3.3 - The Company has a Human Resources Development Policy, and in this context, training is organized for employees. | X | | | | | |
| 3.3.4 - Meetings were held, aimed at informing the employees of the Company's financial standing, remuneration, career planning, training and health. | | X | | | | <i>Informative meetings are held and trainings are carried out on health, training and occupational health and safety.</i> |
| 3.3.5 - Decisions which might affect employees were reported to them and to employee representatives. Opinions of the relevant labor unions were also obtained on these matters. | X | | | | | |
| 3.3.6 - Job descriptions and performance criteria were prepared in detail for all employees and communicated to them, and is used in the decisions on remuneration. | X | | | | | |
| 3.3.7 - Measures were taken, such as procedures, training, awareness-raising, targets, monitoring, and complaint mechanisms aimed at preventing discrimination between employees and protecting them from internal physical, mental or emotional mistreatment. | X | | | | | |
| 3.3.8 - The Company supports freedom of association and effective recognition of the right to collective bargaining agreements. | X | | | | | |
| 3.3.9 - A safe working environment is ensured for employees. | X | | | | | |
| 3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS | | | | | | |
| 3.4.1 - The Company measured customer satisfaction and carried on business with an approach based on unconditional customer satisfaction. | X | | | | | |
| 3.4.2 - When a delay occurs in processing the requests of customers in relation to the goods and services purchased by them, they are notified of this circumstance. | X | | | | | |
| 3.4.3 - The Company is committed to quality standards in relation to goods and services. | X | | | | | |
| 3.4.4 - The Company has controls in place aimed at protecting the confidentiality of sensitive information of customers and suppliers falling within the scope of trade secrets. | X | | | | | |
| 3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY | | | | | | |
| 3.5.1 - The Board of Directors determined the Ethical Conduct Rules and published them on the Company's corporate website. | | X | | | | <i>Ethical Codes of Conduct has been determined and published on the website.</i> |
| 3.5.2 - The corporation is committed to the issue of social responsibility. Measures aimed at prevention of corruption and bribery were taken. | X | | | | | |
| 4.1. FUNCTION OF THE BOARD OF DIRECTORS | | | | | | |
| 4.1.1 - The board of directors ensures that strategies and risks do not threaten the company's long-term interests and that an effective risk management is implemented. | X | | | | | |
| 4.1.2 - Meeting agendas and minutes reveal the fact that the board of directors approved the company's strategic targets by discussing them, determined the resources needed, and that the management's performance has been audited. | X | | | | | |

| | Yes | Partially | No | Exempted | Irrelevant | Explanation |
|--|-----|-----------|----|----------|------------|---|
| 4.2. OPERATING PRINCIPLES OF THE BOARD OF DIRECTORS | | | | | | |
| 4.2.1 - The board of directors documented its activities and submitted them for the information of shareholders. | X | | | | | |
| 4.2.2 - Duties and authorities of board members are specified in the annual report. | X | | | | | |
| 4.2.3 - The board of directors constituted an internal control system which is appropriate for the company's scale and the complexity of its activities. | X | | | | | |
| 4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report. | X | | | | | |
| 4.2.5 - Duties of the chairman of the board of directors and chief executive officer (general manager) are separated from each other and defined. | | X | | | | <i>The positions of chairman of the board of directors and chief executive officer are held by different individuals. But this is not specified in the articles of association.</i> |
| 4.2.7- The board of directors worked in close cooperation with the investor relations department and the corporate governance committee in eliminating disputes between the company and shareholders, in communicating with shareholders, and in ensuring the effective operation of the investor relations department and the corporate governance committee. | X | | | | | |
| 4.2.8 - The Company has taken out a directors and officers liability insurance for losses that may be incurred by the Company due to the negligence of the members of the Board of Directors during the execution of their duties, with an amount exceeding 25% of the share capital. | X | | | | | |
| 4.3. STRUCTURE OF THE BOARD OF DIRECTORS | | | | | | |
| 4.3.9- The Company has set a target of 25 percent women in the board of directors and prepared a policy to achieve this purpose. Structure of the board of directors is reviewed annually and the nomination process is carried out in accordance with this policy. | | | X | | | <i>No target and timeframe has been set for achieving at least 25% women membership in the Board of Directors, and no policy has been prepared to achieve this target. The Board of Directors includes one woman member.</i> |
| 4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance. | X | | | | | |
| 4.4. FORM OF MEETINGS OF THE BOARD OF DIRECTORS | | | | | | |
| 4.4.1 - All the board members physically attended most of the meetings of the board of directors. | X | | | | | |
| 4.4.2 - The board of directors identified a minimum time period in order that the information and documents in relation to issues on the agenda can be sent to all members before the meeting. | | X | | | | <i>It is essential that information and documents related to the matters to be discussed at the board meetings are sent to all members before the meeting. However, there is no internal regulation for the minimum period.</i> |
| 4.4.3 - Opinions of those members who could not attend the meeting but submitted their opinions to the board of directors in writing were submitted for the information of other members. | X | | | | | |
| 4.4.4 - Each member has one voting right in the board of directors. | X | | | | | |
| 4.4.5 - The method of holding meetings of the board of directors was laid out in writing through internal regulations. | | X | | | | <i>All the board members are informed of the method of holding meetings of the board of directors, at the beginning of the year. However, there is no written internal regulation for this specific issue.</i> |
| 4.4.6 - Minutes of meetings of the board of directors reveal that all items on the agenda were discussed, and minutes are prepared in a way that will contain dissenting opinions as well. | X | | | | | |
| 4.4.7 - Engagement of board members in other duties outside the Company is limited. The offices held by board members outside the company were submitted for the information of shareholders at the general assembly meeting. | | X | | | | <i>Board Members may hold other offices out of the company. This issue was not bound by specific rules or limited.</i> |
| 4.5. COMMITTEES FORMED WITHIN THE BOARD OF DIRECTORS | | | | | | |
| 4.5.5 - Each board member holds office in only one committee. | | X | | | | <i>Due to the structure of the Board of Directors and the obligations imposed by the CMB Legislation, Board Members serve on more than one committee.</i> |
| 4.5.6 - The committees invited to the meetings those persons they deemed necessary in order to obtain their opinions, and they obtained their opinion . | X | | | | | |
| 4.5.7 - Information on the independence of the person/organization from which the committee received consultancy services is provided in the annual report. | | | | X | | <i>No consultancy service was received.</i> |
| 4.5.8 - A report was drawn up and submitted to board members on the outcomes of meetings of the committees. | X | | | | | |
| 4.6. FINANCIAL RIGHTS GRANTED TO BOARD MEMBERS AND EXECUTIVE MANAGERS | | | | | | |
| 4.6.1 - The board of directors carried out a board of directors performance evaluation in order to assess whether it had fulfilled its responsibilities effectively. | | X | | | | <i>No special performance evaluation has been made at Board of Directors level.</i> |
| 4.6.4 - The Company did not make available any loan, lend money, extend the due date or improve the conditions of any money which was lent, or make available any loan through third parties under the title of a personal loan, or provide security such as surety-ships, in favor of any of the board members or its administrative managers. | X | | | | | |
| 4.6.5 - Remunerations paid to board members and administrative managers are specified in the annual report on an individual basis. | | X | | | | <i>In accordance with the Law No. 6698 on the Protection of Personal Data, remuneration paid to the members of the Board of Directors and executives is disclosed as a total amount, not on individual basis.</i> |

CORPORATE GOVERNANCE INFORMATION FORM (CGIF)

1. SHAREHOLDERS

1.1. Simplified Exercise of Shareholder Rights

Number of investor conferences and meetings held by the company throughout the year None.

1.2. The Right to Obtain Information about the Company's Affairs and to Inspect the Company Books

Number of requests for a private auditor -

Number of requests for a private auditor accepted during the general assembly meeting -

1.3. General Assembly

Link to the PDP announcement where the information requested under the Principle no. 1.3.1 (a-d) was announced <https://www.kap.org.tr/tr/Bildirim/914637>

Whether the documents in relation to the general assembly meeting are presented in English simultaneously with their Turkish version English version was not presented.

Links to the PDP announcements in relation to those transactions where there is no approval of majority of independent members or unanimity of those who attended, under the Principle no. 1.3.9 There is no such transaction.

Links to the PDP announcements related to the relevant party transactions carried out under Article 9 of the Corporate Governance Communiqué no. (II-17.1) There is no such transaction.

Links to the PDP announcements related to the common and continuous transactions carried out under Article 10 of the Corporate Governance Communiqué no. (II-17.1) There is no such transaction.

The name of the section on the Company's corporate website where the policy on donations and aid is found Pursuant to Article 26 of our Articles of Association, 5% of the amount remaining after the first dividend is set aside as a donation to the Nuh Çimento Education and Health Foundation, of which our company is the founder, to be paid in a manner and at a time to be determined by the Board of Directors.

Link to the PDP announcement containing the minutes of the general assembly where the policy on donations and charities was adopted <https://www.kap.org.tr/tr/Bildirim/920668>

Number of the article in the articles of association setting forth the attendance of beneficiaries to the general assembly Article 15

Information on those beneficiaries who attended the general assembly The General Assembly meeting was held publicly, including the beneficiaries and media, without the right to speak.

1.4. Voting Rights

Whether or not there is any privilege on voting rights No

If there is any privilege on the voting rights, holders of preference shares and their voting percentage -

Shareholding percentage of the largest shareholder 44.13%

1.5. Minority Rights

Whether or not the scope of minority rights was extended in the company's articles of association (in terms of content or percentage) No

If the scope of minority rights was extended in terms of content and percentage, please specify the number of the relevant article of the articles of association. -

1.6. Right to Dividend

The name of the section on the corporate website where the dividend distribution policy is found www.nuhcimento.com.tr/sikca-sorulan-sorular/

In case the board of directors makes a proposal to the general assembly not to distribute dividends, the text of the minutes in relation to the general assembly agenda item specifying the reasons for this and the method of using the profit not distributed -

In case the board of directors makes a proposal to the general assembly not to distribute dividends, link to the PDP announcement containing the relevant minutes of the general assembly -

General Assembly Meetings

Date of the General Assembly Meeting 25.03.2021

Number of additional requests for explanation sent to the company in relation to the agenda of the general assembly 0

Percentage of attendance of shareholders to the general assembly 63.17%

Percentage of shares represented by acting as principal 0.004%

Percentage of shares represented by proxy 63.17%

Name of the section on the company's corporate website, where the minutes of the general assembly meetings are found together with the affirmative and dissenting votes indicated in relation to each agenda item <https://www.nuhcimento.com.tr/sirket-bilgileri/>

Name of the section on the company's corporate website where all the questions asked at the general assembly meeting and the answers given to them are found <https://www.nuhcimento.com.tr/sirket-bilgileri/>

The number of the article or paragraph of the minutes of the general assembly meeting concerning related parties None.

Number of persons notifying the board of directors who are entitled to privileged access to shareholding information (list of insiders) 65

Link to the general assembly notice published on PDP <https://www.kap.org.tr/tr/Bildirim/920668>

2. PUBLIC DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

| | |
|--|--|
| Names of the sections on the corporate website where the information required by the corporate governance principle no. 2.1.1 is found | There is an "Investor Relations" section on our website, which contains the information specified in the Corporate Governance Principles of CMB. |
| The section on the corporate website, where the list of those natural person shareholders directly or indirectly holding more than 5% of the shares is found | There are no real person shareholders holding more than 5% of the shares. |
| Languages in which the corporate website is prepared | Turkish and English |

2.2. Activity Report

Page numbers or section names in the annual report where the information specified in the corporate governance principle no. 2.2.2.

| | |
|--|---|
| a) Page numbers or section names containing the offices held by the members of the board of directors and executives outside the company and the declarations of independence of the members | The Board of Directors and Committees / Structure and Formation of the Board of Directors |
| b) Page numbers or section names containing the information on the committees formed within the Board of Directors | The Board of Directors and Committees / Structure and Formation of the Board of Directors |
| c) Page number or name of the section containing the information on the number of meetings of the board of directors held within the year, and the attendance of members at the meetings | The Board of Directors and Committees / Operating Principles of the Board of Directors |
| ç) Page number or name of the section of the information on amendments to the legislation which might significantly affect the Company's activities | Miscellaneous |
| d) Page number or name of the section of the information on significant lawsuits filed against the Company and the possible consequences thereof | The Company's Activities and Important Developments Concerning the Activities |
| e) Page number or name of the section of the information on conflicts of interest between the Company and the organizations from which it receives services, such as investment consultancy and rating services, and on measures taken to prevent such conflicts of interest | Investment consultancy and rating service was not received. |
| f) Page number or name of the section of the information on the cross-shareholdings where the percentage of direct participation in the capital exceeds 5% | There is no cross-shareholding relationship. |
| g) Page number or name of the section of the information on corporate social responsibility activities in relation to benefits and occupational training of employees and other company activities bearing social and environmental consequences | The Company's Activities and Important Developments Concerning the Activities |

3. BENEFICIARIES

3.1. Company Policy on Beneficiaries

| | |
|---|---|
| The name of the section on the corporate website where the compensation policy is found | None. |
| Number of judicial decisions finalized against the Company due to the breach of rights of employees | 10 |
| Title of the official responsible for the reporting mechanism | Audit Committee and Audit Presidency |
| Information on access to the Company's reporting mechanism | https://www.nuhcimento.com.tr/iletisim/ |

3.2. Supporting Beneficiaries to Join in Company Management

| | |
|--|---|
| Name of the section on the corporate website where internal regulations on the participation of employees in management bodies are found | None. |
| Management bodies where employees are represented | Blue collar employees are subject to Collective Labor Agreement, and there is no management body where other employees of us are represented. |

3.3. The Company's Human Resources Policy

| | |
|---|---------------------------------|
| Role of the board of directors in development of a succession plan for key manager positions | None. |
| Name of the section on the corporate website where the human resources policy containing the criteria for equal opportunities and personnel recruitment is found, or a summary of the relevant articles of the policy | None. |
| Whether there is an employee stock ownership plan | No stock ownership plan exists. |
| The name of the section on the corporate website containing the human resources policy on measures to prevent discrimination and ill-treatment or a summary of the relevant articles of the policy | None. |
| Number of judicial decisions finalized against the company due to liability for occupational accidents | 1 |

3.5. Ethical Rules and Social Responsibility

| | |
|---|---|
| The name of the section on the corporate website where the ethical rules policy is found | None. |
| Name of the section on the corporate website where the corporate social responsibility report is found If there is no corporate social responsibility report, measures taken on environmental, social and corporate governance issues | The Company's Activities and Important Developments Concerning the Activities |
| Measures taken against corruption, including extortion and bribery | The internal audit and human resources departments work in coordination. |

4. BOARD OF DIRECTORS-I

4.2. Operating Principles of the Board of Directors

| | |
|---|---|
| Date of the last performance evaluation of the board of directors | None. |
| Whether independent experts were used in the performance evaluation of the board of directors | No |
| Whether or not all board members were released | Yes |
| Names of the board members who were authorized through division of duties and the scope of the mentioned authorities | No delegation of authority was made among the Board Members. |
| Number of reports submitted by the internal control department to the audit committee or to other relevant committees | None. |
| Name of the section or page number in the annual report containing the assessment related to effectiveness of the internal control system | Risks and Assessment of the Board of Directors |
| Name of the Chairman of the Board of Directors | Tevfik Bilgin |
| Name of the chief executive officer / general manager | Kamil Gökhan Bozkurt (CEO) / Halim Tekkeşin (General Manager) |
| Link to the PDP announcement stating the reason for the chairman of the board of directors and chief executive officer/general manager being the same person | - |
| Link to the PDP announcement regarding the insurance taken out for losses that may be incurred by the Company due to the negligence of the members of the Board of Directors during the execution of their duties, with an amount exceeding 25% of the share capital. | A liability insurance was taken out. There is no KAP (Public Disclosure Platform) notification. |
| Name of the section on the corporate website containing information on the diversity policy aimed at increasing the percentage of women board members | No policies exist. |
| Number and percentage of women members | One woman - 7% |

The Composition of the Board of Directors

| Name and Surname of the Board Member | Executive Status | Independent Membership Status | Date of First Election to the Board of Directors | Link to the PDP Announcement of Declaration of Independence | Whether the Independent Member was Evaluated by the Nomination Committee | Whether He/She Is Still Independent | Whether the Member Has At Least 5 Years' Experience in Audit, Accounting and/or Finance |
|--------------------------------------|------------------|-------------------------------|--|---|--|-------------------------------------|---|
| Tevfik Bilgin | Non-Executive | Not an independent member | 27.03.2013 | - | - | - | Yes |
| Fikret Eskiyanan | Non-Executive | Not an independent member | 26.03.1994 | - | - | - | - |
| Mehmet Eskiyanan | Non-Executive | Not an independent member | 28.03.1991 | - | - | - | - |
| Nurcan Yurtbilir | Non-Executive | Not an independent member | 30.03.2017 | - | - | - | - |
| Sinan Yurtbilir | Non-Executive | Not an independent member | 27.03.2013 | - | - | - | - |
| Ahmet Faik Paralı | Non-Executive | Not an independent member | 28.04.2014 | - | - | - | - |
| Muharrem Eskiyanan | Non-Executive | Not an independent member | 24.03.2010 | - | - | - | - |
| Rahmi Çuhacı | Non-Executive | Not an independent member | 26.03.2008 | - | - | - | - |
| Yılmaz Küçükçalık | Non-Executive | Not an independent member | 30.03.2017 | - | - | - | - |
| Vahdettin Ertaş | Non-Executive | Independent member | 29.03.2018 | Published in the Annual Report 2021 | Evaluated | No | Yes |
| İsmail Köksal | Non-Executive | Independent member | 28.03.2019 | Published in the Annual Report 2021 | Evaluated | No | Yes |
| Aclan Acar | Non-Executive | Independent member | 25.03.2021 | Published in the Annual Report 2021 | Evaluated | No | Yes |
| Tevfik Kınık | Non-Executive | Independent member | 25.03.2021 | Published in the Annual Report 2021 | Evaluated | No | Yes |
| Elif Bilgehan Müftüoğlu | Non-Executive | Independent member | 25.03.2021 | Published in the Annual Report 2021 | Evaluated | No | - |

4. BOARD OF DIRECTORS-II

4.4. Form of Meetings of the Board of Directors

| | |
|---|-----------------------------------|
| Number of board meetings held physically during the reporting period | 20 |
| Average attendance rate at board meetings | 83% |
| Whether an electronic portal is used to facilitate the works of the board of directors | Yes |
| How many days prior to the meeting the information and documents are presented to the members, pursuant to the operating principles of the board of directors | 1 -10 Days |
| The name of the section on the corporate website containing the information about the internal regulations governing the conduct of board meetings | No such regulation has been made. |
| The upper limit set in the policy limiting the members from taking other duties outside the company | No such limit has been set. |

4.5. Committees Formed Within the Board of Directors

| | |
|---|---|
| Page numbers or section names of the annual report where information on board committees is presented | The Board of Directors and Committees / Structure and Formation of the Board of Directors |
| Link to the PDP announcement where the operating principles of the committees were announced | https://www.kap.org.tr/tr/Bildirim/944493 |

Committees of the Board of Directors-I

| Names of the Committees of the Board of Directors | Name of the Committee Indicated as "Other" in the First Column | Full Name of Committee Members | Committee Chairman Status | Board Membership Status |
|---|--|--------------------------------|---------------------------|-------------------------|
| Corporate Governance Committee | - | Vahdettin ERTAŞ | Yes | Board Member |
| Corporate Governance Committee | - | Ismail KÖKSAL | No | Board Member |
| Corporate Governance Committee | - | Aclan ACAR | No | Board Member |
| Corporate Governance Committee | - | Mehmet ESKİYAPAN | No | Board Member |
| Corporate Governance Committee | - | Sinan YURTBİLİR | No | Board Member |
| Corporate Governance Committee | - | Rahmi ÇUHACI | No | Board Member |
| Corporate Governance Committee | - | Serap AKTAŞ | No | Not a Board Member |
| Nomination Committee | - | Vahdettin ERTAŞ | Yes | Board Member |
| Nomination Committee | - | Ismail KÖKSAL | No | Board Member |
| Nomination Committee | - | Fikret ESKİYAPAN | No | Board Member |
| Nomination Committee | - | Mehmet ESKİYAPAN | No | Board Member |
| Nomination Committee | - | Sinan YURTBİLİR | No | Board Member |
| Audit Committee | - | Vahdettin ERTAŞ | Yes | Board Member |
| Audit Committee | - | Ismail KÖKSAL | No | Board Member |
| Audit Committee | - | Elif Bilgehan MUFTUOĞLU | No | Board Member |
| Audit Committee | - | Aclan ACAR | No | Board Member |
| Audit Committee | - | Tevfik KINIK | No | Board Member |
| The Early Detection of Risk Committee | - | Vahdettin ERTAŞ | Yes | Board Member |
| The Early Detection of Risk Committee | - | Ismail KÖKSAL | No | Board Member |
| The Early Detection of Risk Committee | - | Tevfik KINIK | No | Board Member |
| The Early Detection of Risk Committee | - | Ahmet Faik PARALI | No | Board Member |
| The Early Detection of Risk Committee | - | Muharrem ESKİYAPAN | No | Board Member |

4. BOARD OF DIRECTORS-III

4.5. Committees Formed Within the Board of Directors-II

| | |
|---|---|
| Specify the section of the annual report or corporate website where information on the activities of the audit committee is given (page number or section name) | The 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 on the activities of the corporate governance committee is given (page number or section name) | The 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 on the activities of the nomination committee is given (page number or section name) | The 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 on the activities of the Early Detection of Risk Committee is given (page number or section name) | The 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 on the activities of the Remuneration Committee is given (page number or section name) | Activities of the Remuneration Committee are carried out by the Corporate Governance Committee. |

4.6. Financial Rights Granted to Board Members and Administrative Managers

| | |
|--|--|
| Page numbers or section names of the annual report where information about operational and financial performance targets and whether they have been achieved or not | Financial Situation |
| Name of the section of the corporate website containing the remuneration policy for executive and non-executive members | None. |
| Page number or section name of the annual report where the remunerations given and all other benefits granted to board members and administrative managers are specified | Specified in the Footnote no. 5 to financial statements on Related Party Explanations. |

| Committees of the Board of Directors-II | | | | |
|--|---|--|---|--|
| Names of the Committees of the Board of Directors | Name of the Committee Indicated as "Other" in the First Column | Percentage of Non-Executive Directors | Percentage of Independent Members of the Committee | Number of Physical Meetings Held by the Committee |
| Corporate Governance Committee | - | 86% | 43% | 2 |
| Nomination Committee | - | 100% | 40% | - |
| Audit Committee | - | 100% | 100% | 5 |
| The Early Detection of Risk Committee | - | 100% | 60% | 6 |

NUH ÇİMENTO SANAYİ A.Ş.
Dividend Distribution Statement 2021 (TL)

| | | | |
|--|--|------------------|---------------------------------|
| 1 | PAID-UP / ISSUED CAPITAL | | 150.213.600.00 |
| 2 | General Legal Reserve (According to Legal Records) | | 169.946.741.56 |
| | - Primary Reserve | | 30.042.720.00 |
| | - Secondary Reserve | | 139.904.021.56 |
| If distribution of profit involves any privilege pursuant to the articles of association, information on the mentioned privilege | | | N/A |
| | | According to CMB | According to Legal Records (LR) |
| 3 | Profit for the Period | 648.052.982.00 | 489.655.942.04 |
| 4 | Taxes (-) | 5.621.220.00 | 116.901.058.39 |
| 5 | Net Profit for the Period (=) | 642.431.762.00 | 372.754.883.65 |
| 6 | Accumulated Losses From Previous Years (-) | - | - |
| 7 | General Legal Reserve (-) | | - |
| 8 | NET DISTRIBUTABLE PROFIT FOR THE PERIOD | 642.431.762.00 | 372.754.883.65 |
| 9 | Donations Made Within the Year (+) | 10.524.337.06 | - |
| 10 | Net Distributable Profit for the Period Inclusive of Donations | 652.956.099.06 | 372.754.883.65 |
| 11 | First Dividend Distribution to Shareholders | 193.888.121.83 | 193.888.121.83 |
| | - Cash | 193.888.121.83 | 193.888.121.83 |
| | - Free | - | - |
| | - Total | 193.888.121.83 | 193.888.121.83 |
| 12 | Dividend Distributed to Holders of Preference Shares | - | - |
| 13 | Other Dividends Distributed | - | - |
| | - To Board Members - Employees | - | - |
| | -To Persons Other Than Shareholders | - | - |
| 14 | Dividend Distributed to Holders of Dividend Right Certificates | - | - |
| 15 | Second Dividend Distribution to Shareholders | 129.071.118.17 | 129.071.118.17 |
| 16 | General Legal Reserve | 31.544.856.00 | 31.544.856.00 |
| 17 | Statutory Reserves | - | - |
| 18 | Special Reserves | - | - |
| 19 | EXTRAORDINARY RESERVES | 287.927.666.00 | 18.250.787.65 |
| 20 | Other Resources Prescribed to Be Distributed | - | - |

Note: The difference between the profit for the period according to statutory records and the profit for the period according to CMB will be transferred to extraordinary reserves.

DIVIDEND RATES TABLE

| | GROUP | TOTAL DISTRIBUTED DIVIDEND | | TOTAL DISTRIBUTED DIVIDEND / NET DISTRIBUTABLE PROFIT FOR THE PERIOD | DIVIDEND PER SHARE WITH A NOMINAL VALUE OF TL 1 | |
|-----|-------|----------------------------|---------------------|--|---|----------|
| | | CASH (TL) | FREE OF CHARGE (TL) | RATE (%) | AMOUNT (TL) | RATE (%) |
| NET | (*) | 290.663.316 | | 45.24 | 1.9350 | 193.5000 |
| | Total | 290.663.316 | | 45.24 | 1.9350 | 193.5000 |

* In case dividend is distributed to the persons within the scope of Article 94/6-b-i and (ii) of the Income Tax Law (to full-fledged taxpayer real persons, limited taxpayer real persons and limited taxpayer entities except those entitled to dividend through a workplace or permanent representative in Türkiye), a withholding tax of 10% on the gross amount shall be applied (double taxation avoidance agreements should be taken into consideration separately). For legal person shareholders, the dividend per share with a nominal value of TL 1 is TL 2.15.

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