ANNUAL REPORT 2021

çimentaş
CEMENTIR HOLDING

ANNUAL REPORT 2021

çimentaş
CEMENTIR HOLDING

SUMMARY

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1 INTRODUCTION

INTRODUCTION

This report is for presentation to General Assembly Meeting of Shareholders in the Company Çimentaş İzmir Çimento Fabrikası Türk A.Ş. that is to be convened at the Company's headquarters at the address of Egemenlik Mahallesi Eski Kemalpaşa Caddesi No.4B Işıkkent Bornova-İZMİR on 15 April 2022 at 11.30 to examine and approve the Company's operating results for the period 1 January 2021 to 31 December 2021.

AGENDA

1. Opening and roll-call,
2. Formation of the presiding committee and authorization of the committee to sign the minutes and other meeting-related documents pursuant to article 16 of the company's articles of association,
3. Reading and deliberation of the annual report of the Board of Directors and the independent auditing firm,
4. Reading, deliberation, and decision concerning approval of the 2021 balance sheet, income statement and other financial statements,
5. Individual acquittal of the members of the Board of Directors of their fiduciary responsibilities for the accounts and transactions of the company in 2021,
6. Deliberation and decision about the 2021 profit/loss,
7. Deliberation and resolution about approval of the Independent External Audit Firm assigned by the Board for the year 2022 and the acceptance of the independent external audit agreement,
8. Determination of the number and the period of the BoD members. Election of BoD members and independent Board members,
9. Deliberation and decision concerning the remuneration of the directors,
10. Information and deliberation concerning to permission to the Chairman and Board members in accordance with articles 395 and 396 of the Turkish Commercial Code,
11. Information and deliberation concerning the donations and charities made within the year 2021,
12. Information and deliberation concerning the donations and charities will make in the year 2022,
13. Information about guarantees given on behalf of 3rd parties,
14. Wishes, Closing.

CHAIRMAN'S SPEECH

Dear Stakeholders,

2021, consumed as it was with efforts to mitigate the effects of the pandemic on people's health and lifestyles and countries' economies, was at the same time a year that saw matters of global-scale importance increase their impact on our work. The reality that all-too-visible climate change is of vital importance to humanity has been accepted by the whole world. We, Çimentaş and Cementir Holding, have stepped up the support and contributions we are providing towards international efforts to lower greenhouse gas emissions and thus reduce cement production's carbon footprint. We are replanning the way we produce, our existing applications and the development of our human capital so as to bring about another reality of our age, digitalization transformation.

Key to Çimentaş and Cementir Holding's sustainability culture, safety in the workplace, protecting employees' health and enhancing the value of our human capital has once more held pride of place on the agenda of this working year of ours.

2021 has been a year of success for Çimentaş despite the ever-present epidemic and extreme volatility in macroeconomic balances.

Our 2021 revenue increased by 59.5% as against the previous year to TRY 1.8 billion, while EBITDA rose by 879% to TRY 366 million.

Exports verging on 20% of total sales compensated massively for our foreign-exchange based expenses in 2021, in which we boosted our sales by 4%.

Bringing the company Ege Kırmataş into our midst in 2021, we have amassed significant aggregates production capacity. This will enable us to source to the bulk of the aggregates needed for our ready-mixed concrete activities in the Aegean Region in house.

We submit for your perusal our 2021 Annual Report in which I have tried to summarize details of these activities of ours.

On behalf of our Board of Directors, I extend my gratitude towards our employees who have put great effort into making each day of ours better than the one before and all our stakeholders.

Taha Aksoy
Chairman of the Board of Directors

ÇİMENTAŞ GROUP

Founded in İzmir as the very first private cement plant of the Aegean Region, Çimentaş was acquired in 2001 by the Cementir Holding.

Çimentaş is the most important affiliate of Cementir Holding with its cement plants located at İzmir, Edirne, Elazığ and Kars, 16 concrete plants throughout the country and with the industrial waste management facility located in Manisa.

Çimentaş forms its responsible and sustainable operation approach under the highest occupational health and safety and environmental policies of the industry together with the group to which it is affiliated and wants all its employees to display behaviours complying with such policy. Çimentaş carries out its operations adopting internationally accepted standards as well as any relevant laws and regulations and aims at being recognised as a good neighbour through its contributions to the region besides being a responsible producer in its areas of activity.

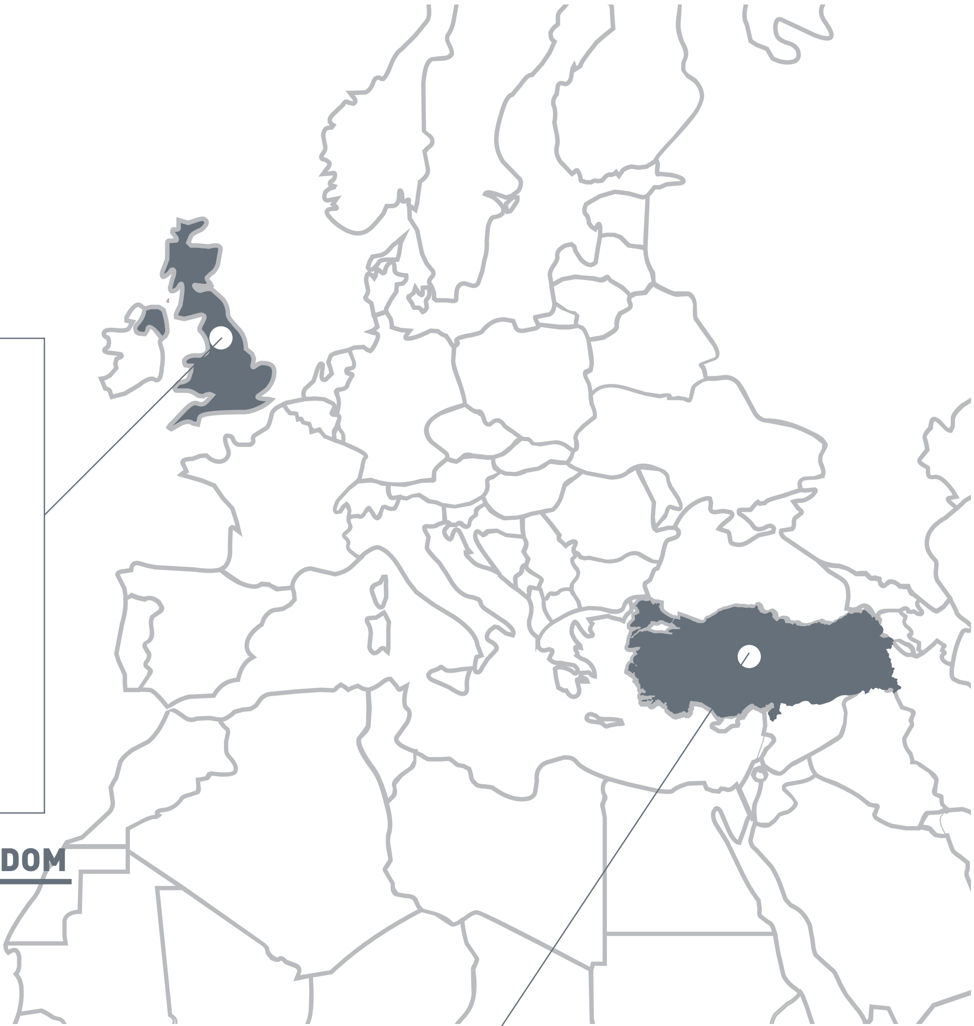
In terms of production capacity, Çimentaş occupies top places amongst largest cement producers of the country, and with its partnerships and the companies it owns, Çimentaş Group is a very strong organisation which opens up from İzmir to the world. Çimentaş is now a Corporation which carries out and merchandises high-quality products with its production capacity, its own quarries and world-class modern integrated plants at home and abroad.

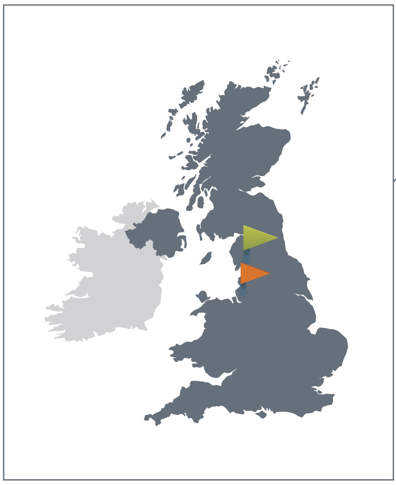
CEMENTIR HOLDING GROUP

Cementir Holding is an Italian multinational company specialised in the production and distribution of grey and white cement, ready-mixed concrete, aggregates and concrete products. It is also active in the management of urban and industrial waste. The company was formed in Italy in 1947 and is part of the Caltagirone Group. It has been listed on the Milan Stock Exchange since 1955 and is currently in the STAR segment.

Over the years the Cementir Group has grown through major investments and acquisitions throughout the world, becoming the global leader in the production of white cement. The Cementir Group is the only cement manufacturer in Denmark, the third-largest in Belgium and one of the biggest in Turkey. It is also the leading ready-mixed concrete manufacturer in Scandinavia. Cementir is now present in 18 countries across 5 continents. Its strategy is aimed at increasing the integration of its business activities as well as geographical diversification.

GLOBAL PRESENCE





UNITED KINGDOM

Terminal: **1**
Waste: **1**

TURKEY

Grey cement production capacity: **5,4 million ton**
Grey cement plants: **4**
Ready-mixed concrete plants: **19**
Waste management facilities: **1**
Aggregate plant: **1**

Ready mixed concrete plants | Waste | Grey cement plants | Aggregate plant | Terminals

IDENTITY

Cementir is an International Group that:

- aspires to be a product leader;
- believes that continuously seeking quality in every business process is the key to success;
- is dynamic on the market, constantly seeking new opportunities;
- gives importance to the growth of its employees, its shareholders and the communities in which it operates;
- believes in sustainable development and works to achieve it;
- believes that diversity is an element of strength and value on which to base its actions.

VISION

We want to maintain our uniqueness on the market through product segmentation and business diversification.

We want to create value, thanks to an agile organization capable of sustaining growth, respecting the environment and fostering integration with local communities.

MISSION

We develop our growth through product leadership and a continuous improvement of processes.

We work dynamically to seize the best opportunities, leveraging our know-how and our people's flexibility.

We adapt our organization to the territory where it operates, to increase its value and to ensure mutual benefit.

VALUES

Dynamism

We look beyond to anticipate and seize the best opportunities. Being dynamic and flexible is the feature that makes us unique on the market and allows us to quickly meet our customers' demands.

Quality

We engage and invest in constantly improving the quality of our products. We seek the efficiency and effectiveness of our processes.

Value of people

We build relationships with our employees and stakeholders that last over time. We believe it is our responsibility to recognize the merits and abilities of our people and anyone working with the Group.

Diversity and inclusion

We consider diversity and inclusion a great asset. We work every day promoting diversity in all its forms and expressions.

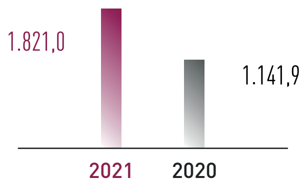
Sustainability

We believe that there can be no success without respect for the environment. We are responsible for the communities in which we live and work. It is our responsibility to take care of our property while safeguarding the environment and natural resources.

PERFORMANCE, FINANCIAL AND EQUITY HIGHLIGHTS

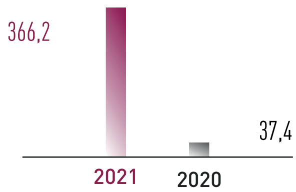
Revenue
(TL million)

59,5%



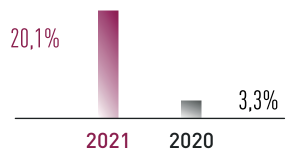
EBITDA
(TL million)

878,6%



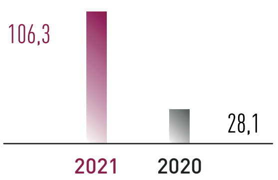
EBITDA
Margin
(%)

513,6%

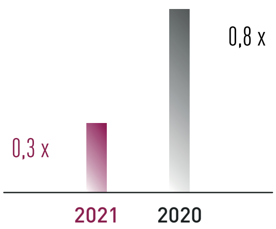


Net
financial
debt
(TL Million)

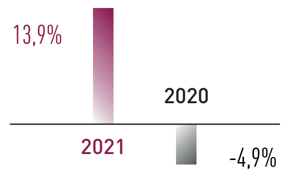
78,2
million



Net
finansal
debt / EBITDA



Return
on
equity
(%)



Performance highlights

('000 TL)	2021	2020	2019	2018	2017	2016	2015
Revenue	1.820.999	1.141.875	813.275	970.249	868.945	777.463	747.987
EBITDA	366.207	37.421	(46.143)	60.041	98.235	59.721	133.128
EBITDA Margin %	*20,1%*	*3,3%*	*-5,7%*	*6,2%*	*11,3%*	*7,7%*	*17,8%*
EBIT	284.848	(37.015)	(109.898)	3.481	38.600	-2.918	69.497
EBIT Margin %	*15,6%*	*-3,2%*	*-13,5%*	*0,4%*	*4,4%*	*-0,4%*	*9,3%*
Financial income / (expense)	(72.232)	(24.418)	(2.186)	(21.392)	2.353	(2.508)	(1.975)
Profit before taxes	212.616	(61.433)	(112.084)	(17.911)	40.953	-5.426	67.522
Income taxes	(15.272)	5.023	8.240	(29)	(33.960)	(17.793)	(9.234)
Profit / (loss) for the year	197.344	(56.410)	(103.844)	(17.940)	6.993	(23.219)	58.288
Profit / (loss) for the period margin %	*10,8%*	*-4,9%*	*-12,8%*	*-1,8%*	*0,8%*	*-3,0%*	*7,8%*
Group net profit/ (loss)	162.885	(35.250)	(82.756)	(5.522)	31.640	4.667	73.232
Group net profit/ (loss) margin %	*8,9%*	*-3,1%*	*-10,2%*	*-0,6%*	*3,6%*	*0,6%*	*9,8%*

Financial and equity highlights

('000 TL)	2021	2020	2019	2018	2017	2016	2015
Net capital employed (a)	991.865	837.007	870.109	930.709	912.719	904.034	938.028
Total assets	2.536.626	1.790.158	1.700.594	1.740.935	1.567.200	1.500.017	1.539.627
Total equity	1.422.915	1.144.460	1.202.613	1.234.200	1.175.934	1.175.409	1.199.162
Group shareholders' equity	1.152.970	904.228	940.828	1.018.495	1.021.404	996.639	992.593
Net financial debt	106.267	28.102	9.904	773	20.855	19.429	22.730

(a) Intangible assets + tangible assets + working capital

Profit and equity ratios

	2021	2020	2019	2018	2017	2016	2015
Return on equity (a)	13,9%	-4,9%	-8,6%	-1,5%	0,6%	-2,0%	4,9%
Return on capital employed (ROCE) (b)	28,7%	-4,4%	-12,6%	0,4%	4,2%	-0,3%	7,4%
Equity ratio (c)	56,1%	63,9%	70,7%	70,9%	75,0%	78,4%	77,9%
Net gearing ratio (d)	7,5%	2,5%	0,8%	0,1%	1,8%	1,7%	1,90%
Net financial debt / EBITDA	0,3x	0,8x	(0,2)x	0,0x	0,2x	0,3x	0,2x

(a) Net profit / Total equity
(b) EBIT / Net capital employed
(c) Total equity / Total assets
(d) Net financial debt / Total equity

Cash flows

('000 TL)	2021	2020	2019	2018	2017	2016	2015
Cash flows from operating activities (CFFO)	120.576	35.242	(45.046)	(78.062)	13.844	56.779	91.727
Cash flows from investing activities (CFFI)	(126.608)	(13.753)	(24.518)	3.567	(28.185)	(45.332)	(39.234)
Cash flows from financing activities (CFFF)	37.793	(28.154)	77.034	112.192	(384)	(19.994)	(32.038)
Free cash flow (FCF)	31.761	(6.665)	7.470	37.697	(14.725)	(8.547)	20.455

Employees

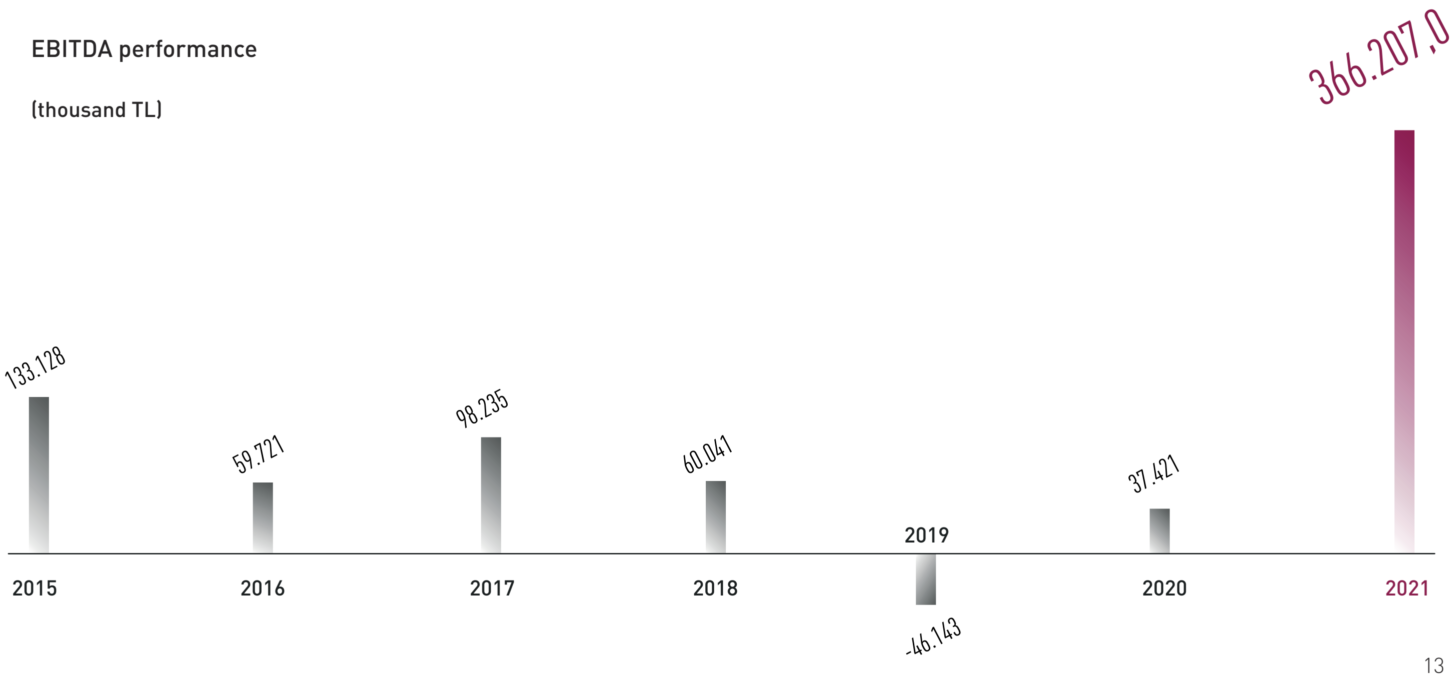
	2021	2020	2019	2018	2017	2016	2015
Number of employees (at 31 Dec.)	773	748	769	819	885	919	1.047
Acquisitions (000 TL)	55.047	0	0,0	0,0	0,0	0,0	0,0
Investments (000 TL)	93.832	32.955	30.247	46.235	38.342	46.827	58.038

Sales volumes

	2021	2020	2019	2018	2017	2016	2015
Grey cement (tonnes)	4.219.590	3.867.233	2.852.162	3.567.132	4.239.403	4.087.727	3.621.625
Ready-mixed concrete (m^3)	1.892.832	1.469.596	1.003.233	1.703.759	1.562.814	1.892.886	1.491.148

EBITDA performance

(thousand TL)



2 ANNUAL REPORT

KPMG

KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
Adalet Mah. Manas Bulvarı, No:39
Folkart Towers, B Kule, Kat: 35
Bayraklı 35530 İzmir
Tel +90 232 464 2045
Fax +90 232 464 2145
www.kpmg.com.tr

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the Shareholders of To the Shareholders of Çimentaş İzmir Çimento Fabrikası Türk A.Ş.

Opinion

We have audited the annual report of Çimentaş İzmir Çimento Fabrikası Türk A.Ş. (the "Company") and its subsidiaries (together will be referred as "the Group") for the period between 1 January 2021 and 31 December 2021, since we have audited the complete set consolidated financial statements for this period.

In our opinion, the consolidated financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Group are consistent, in all material respects, with the audited complete set of consolidated financial statements and information obtained during the audit and provides a fair presentation.

Basis for Opinion

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

Auditor's Opinion on Complete Set of consolidated Financial Statements

We have expressed an unqualified opinion on the complete set of consolidated financial statements of the Group for the period between 1 January 2021 and 31 December 2021 on 4 March 2022.

KPMG

Board of Directors' Responsibility for the Annual Report

In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 ("TCC") and Communiqué on the Principles of Financial Reporting In Capital Markets numbered II – 14.1 (the "Communiqué"), the Group's management is responsible for the following regarding the annual report:

a) The Group's management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.

b) The Group's management prepares its annual report in such a way that it reflects the operations of the year and the consolidated financial position of the Group accurately, completely, directly, true and fairly in all respects. In this report, the financial position is assessed in accordance with the Group's consolidated financial statements. The annual report shall also clearly indicates the details about the Group's development and risks that might be encountered. The assessment of the Board of Directors on these matters is included in the report.

c) The annual report also includes the matters below:

- Significant events occurred in the Group after the reporting period,

- The Group's research and development activities.

- Financial benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.

When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

Auditor's Responsibility for the Audit of the Annual Report

Our objective is to express an opinion on whether the consolidated financial information included in the annual report in accordance with the TCC and the Communiqué and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Group are consistent with the audited consolidated financial statements of the Group and the information obtained during the audit and give a true and fair view and form a report that includes this opinion.

We conducted our audit in accordance with the standards on auditing issued by the Capital Markets Board of Turkey and Standards on Auditing issued by POA. These standards require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the consolidated financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Group are consistent with the consolidated financial statements and the information obtained during the audit and provides a fair presentation.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

İsmail Önder Ünal, SMMM
Partner
4 March 2022
İzmir, Türkiye

ÇİMENTAŞ İZMİR ÇİMENTO FABRİKASI TÜRK A.Ş
2021 ANNUAL REPORT

A- GENERAL INFORMATION

1. Accounting period

01.01.2021-31.12.2021

2. Corporate information

Company name	Çimentaş Izmir Çimento Fabrikası Türk A.Ş
Central registration	
System number	0257003253100019
Registration number	Commercial Register of Izmir – 20907
Contact details	www.cimentas.com.tr
Head office	Egemenlik Mah. Eski Kemalpaşa Cad. No:4B Işıkkent Bornova İzmir
	Tel: +90 (0) 232 472 1050 Fax: +90 (0) 232 472 1055
Branch	Sinanköy Mevkii Lalapaşa Edirne
	Tel: +90 (0) 284 1104 Fax: +90 (0) 284 323 1240
Branch	İstasyon Mahallesi Yırca Yolu - Demiryolu Altı (Küme Evler) No: 1 Soma/Manisa

3. Shareholding structure and capital:

Shareholder	Shares (TL)	%
Aalborg Portland Espana SL	84.439.389,11	96,93
Other/BIST	2.673.074,09	3,07
TOTAL	**87.112.463,20**	**100**

In 2021, the share of Aalborg Portland Espana SL in Çimentaş İzmir Çimento Fabrikası Türk A.Ş. ("Çimentaş") decreased from 97,10% to 96,93%.

4. Members of the Board of Directors involved during the period

First Name-Surname	Title	Term
Taha Aksoy	Chairman	15.04.2021-15.04.2022
Marco Maria Bianconi	Vice Chairman	15.04.2021-15.04.2022
Mevlüt Cenker Mirzaoğlu	Member and CEO	15.04.2021-15.04.2022
Pasquale Vetrano	Member	15.04.2021-15.04.2022
Paolo Regoli	Member	15.04.2021-15.04.2022
İlhan F. Gürel	Member	15.04.2021-15.04.2022
Bahri Hüseyin Zühal	Independent Board Member	15.04.2021-15.04.2022
Mehmet Cemali Dinçer	Independent Board Member	15.04.2021-15.04.2022

Authorisation limits

Invested with the powers specified in Capital Market Law, Turkish Commercial Code, Articles of Association of the Company and other legislation.

5. The Executives in charge during the period

First Name-Surname	Title
Taha Aksoy	Chairman
Mevlüt Cenker Mirzaoğlu	CEO
Ercan Karaismailoğlu*	CFO
Enrico Friz	GM responsible for waste business
Selçuk Kuntalp	Supply Chain Director
Gürol Özer	Regional Industrial Centre Director
Ahmet Saryal	Commercial Director
Melek Özen	Human Resources Director

* Legal Affairs and Investor Relations Director, Kayhan Karabayır has resigned as of 12 May 2021. As of this date, the Legal Affairs and Investor Relations Directorate was restructured as the Legal Affairs Directorate, and the duties of the Investor Relations Department were transferred to the Financial Affairs Directorate.

6. Corporate Governance Committee

Bahri Hüseyin Zühal	President
Marco Maria Bianconi	Member
Didem Hürcan	Member

7. Audit Committee

Bahri Hüseyin Zühal	President
Mehmet Cemali Dinçer	Member

8. Risk Committee

Mehmet Cemali Dinçer	President
Marco Maria Bianconi	Member
Ercan Karaismailoğlu	Member

9. Personnel

732 employees, including executives, were working in Çimentaş Group Companies as at 31.12.2021. If we include Neales Waste Management Holdings Ltd. located in the UK and controlled by Recydia A.Ş, which employs 41 staff, our total number of staff members is 773.

10. Amendments to the Articles of Association during the period

There were no amendments to the Articles of Association during the period.

11. Issuance of securities during the period and related obligations

Since there were no securities issued during the period, there are no potential financial obligations for the company.

12. Subsidiaries and shareholding percentages in subsidiaries

Subsidiary	Shares (TL)	%
Ege Kırmataş(*)	4.200.000	100,00
Çimbeton A.Ş.	890.042	50,28
Kars Çimento A.Ş.	213.194.408,92	41,55
Recydia A.Ş.	180.160.293,00	23,72
Destek A.Ş.	49.993,00	99,99
Yapıtek A.Ş.	286.498,52	2,00

*On 23 November 2021, all registered shares of Ege Kırmataş with a nominal value of TL 4.200.000 were acquired with a purchase price of US$ 4.500.000.

B- BENEFITS PROVIDED TO THE TOP EXECUTIVES

A decision was made during the ordinary General Assembly meeting of the company for the year 2021 that each member of the Board of Directors was to be paid a 2.000 TL gross fee for each board meeting attended and no fee other than this has been paid to the members of the Board of Directors.
The total amount of benefits provided to the senior management of the Çimentaş group is 17.626.765 TL.
Private health insurance is provided to executives in the company's senior management, except for salaries. Apart from this, there is no fixed dividend, premium, bonus, etc. payment system.
On behalf of the company, the total amount of all benefits provided to the top executives during the year 2021 was 13.464.174 TL.

C- R&D ACTIVITIES

R&D activities have been carried out at Çimentaş Group with our İzmir, Elazığ, Kars and Trakya Cement Plants within the scope of quality improvement, customer satisfaction, environmental protection, and cost reduction. These activities are listed below:

Scope	Plant	R&D activity
Environmental Protection, Sustainability, Cost Reduction	İzmir, Trakya	**Use of Synthetic Gypsum instead of Natural Gypsum:** The effect of increasing the synthetic gypsum usage rate on product quality and ready mixed concrete quality was analysed and an optimum usage rate was determined. By increasing the amount of synthetic gypsum usage, natural gypsum resources will be protected and a contribution will be made to sustainability.
Sustainability, Cost Reduction	İzmir, Trakya	**Use of Iron Slag instead of Natural Iron Ore:** Instead of using natural iron ore in the clinker production process, the use of iron slag waste generated in iron-steel and similar industrial plants was investigated. In this context, laboratory test studies have been carried out, and results were satisfying. Both cost reduction and environmental protection have been achieved.
Environmental Protection, Sustainability, Cost Reduction	Elazığ	**Use of Marble Waste:** The use of marble waste instead of limestone in the clinker production process was investigated. In this context, laboratory test studies have been carried out, and results were satisfying. Both cost reduction and environmental rotection p have been achieved.
Environmental Protection, Sustainability, Cost Reduction	İzmir, Trakya	**Bottom Ash Usage:** Bottom ashes formed in thermal power plants and the textile sector have the ability to substitute raw materials used in clinker production process. The aim is to reduce the use of clay by using bottom ash instead. In this way, the bottom ashes that are formed are not only brought into the economy but also prevented from being released into the environment, causing pollution.
Product Development	İzmir	**Low Alkaline Clinker Production:** In order to develop its product portfolio and increase its export potential, raw materials with low alkali content were found, and industrial trial production was carried out. Low alkali clinker satisfied all customer requirements, and is being produced in batches throughout the year.
Product Development	Trakya	**High Additive Cement Production for the Ready-Mixed Concrete Sector:** As an alternative to the CEM I 42.5 R product, CEM II / A-M (L-W) 42.5 R type cement with 12-20% mineral additive was produced. The carbon footprint has been reduced by using less clinker.

>>

Scope	Plant	R&D activity
Product Development	Elazığ	**High Additive Cement Production for the Ready-Mixed Concrete Sector:** As an alternative to the CEM I 42.5 R product, CEM II / A-W 42.5 R type cement with 12-20% mineral additive was produced. The carbon footprint has been reduced by using less clinker.
Environmental Protection, Cost Reduction	Çimentaş Group	**Increasing the Use of Alternative Fuels and Alternative Raw Materials:** The aim is to increase the use of alternative fuels and alternative raw materials, as this will reduce production costs and have a positive effect on the environment.
Product Development, Cost Reduction	Çimentaş Group	**Optimizing Cr+6 Reduction:** The aim is to produce low Cr+6 content clinker in order to reduce iron sulphate consumption in bag cements. For this purpose, the heavy metal content of alternative raw material sources was investigated. Raw mix designs were performed with alternative raw materials. Different clinker and cement production scenarios were studied separately for each plant, and an optimum Cr+6 reduction plan was determined.

D- INFORMATION REGARDING COMPANY ACTIVITIES

1. Production activity of the company

The Çimentaş Group conducts cement production through four clinker/cement production plants located in İzmir, Edirne, Kars and Elazığ. These plants are active in different regions of Turkey. The Kars and Elazığ plants have legal status, whereas the plant in Edirne is structured as a branch.

The company performs production activities at the İzmir plant using two rotary kilns. Clinker production at the Edirne Plant is conducted using one kiln with calciner. Clinker production is performed using one kiln with pre-heat at the Kars Plant and one kiln with calciner at the Elazığ Plant.

The cement grinding capacity of the plants is higher than the clinker production capacity. The clinker production capacity is as follows:

Plant name	Annual clinker production capacity (tons)
Çimentaş İzmir	1.801.848
Çimentaş Trakya	990.000
Elazığ Çimento A.Ş	1.000.000
Kars Çimento A.Ş	435.000

2. Investments

While configuring the investment plans of 2021, Çimentaş mainly focused on issues that are considered to contribute to current process optimizations, increase usage of alternative fuels and alternative raw materials, increase raw material quarry reserves as well as improve environmental conditions and occupational health and safety issues.

The COVID-19 pandemic was considered in all investment planning processes including risks of delays in deliveries and issues that could increase investment costs.

Projects are classified and prioritized to define the best optimized projects according to actual plant needs by supporting group requirements and performing improvement projects in accordance with legislation and regulations.

Within the scope of the 2021 investment plan, the executed amount is TL 91.411.832 for cement factories and concrete facilities. The company-based breakdown of investments is as follows:

Company name	Total investment (TL)
Çimentaş	42.508.624
Elazığ Çimento	14.576.307
Kars Çimento	9.130.998
Trakya Çimento	15.688.310
Çimbeton	9.507.593
Total	**91.411.832**

Information on the investments that were started and completed in 2021, are given below.

- At the Izmir Plant, annual revision activities in clinker production lines 1 and 3 and cement mills have been completed. During the revision periods, planned investment activities were completed as a basis for increasing the efficiency of existing equipment and improving operating conditions. Improvements were made in order to reduce and optimize specific heat consumption and specific energy consumption levels: this specifically applies to the investments made in the rotary kiln lines, clinker cooling units, preheater towers and raw meal feeding systems. In addition, modernizations were made on the medium voltage energy systems and rotary kiln-1 automation systems were updated. Improvements continue to be implemented in the dust collection systems to ensure the dust emission levels meet the regulations. The main compressed air production department has been modernized and electricity consumption has been reduced.
- At the Edirne Plant, annual revision activities of clinker and cement production lines have been completed. Fly ash storage and a feeding system have been commissioned, which is aimed to increase the variety of cement products and the usage of alternative raw materials. The cooling fan modification in the clinker cooling unit had been completed to increase process efficiency, and improvements continue to be implemented in the dust collection systems to ensure the dust emission levels meet the regulations. In order to increase the working efficiency of our employees, the installation of the personnel elevator in the preheater building has been completed.
- At the Elazig Plant, investments based on reducing energy consumption in raw material grinding units have been completed. On the other hand, annual maintenance activities in clinker production line and cement grinding units were also completed to maintain current plant conditions and improvements continue to be implemented in the dust collection systems to ensure the dust emission levels meet the regulations. Variable speed control units have been installed in the rotary kiln main drive and process fan drives to increase energy efficiency. Orders have been placed in order to improve the mechanical and automation systems of existing overhead cranes which are equipped in horizontal raw material and clinker storage facilities.
- At the Kars Plant, compressed air production energy efficiency improvement projects have been completed. On the other hand, annual maintenance activities in clinker production line and cement grinding units were completed to maintain current plant conditions, and improvements continue to be implemented in the dust collection systems to ensure the dust emission levels meet the regulations. The compressed air production department has been modernized and electricity consumption has been reduced. Mechanical and automation system improvements have been completed for the existing overhead cranes which are equipped in horizontal raw material and clinker storage facilities.
- In Çimbeton, ready mixed concrete group; projects which aim to improve the hazardous and non-hazardous waste area and expand closed storage areas have continued to ensure the Environment and Occupational Health and Safety rules are abided by. In addition, regular occupational health and safety training courses and environmental training courses were provided for all Çimbeton employees. We have continued to be a pioneer in the RMC industry with our investment in waste-water conversion units which are not very common in Turkey. Facilities and building renovation work has continued to improve the working conditions of all our employees and activities have been undertaken to minimize the risk of contamination in all RMC facilities and RMC operations within the scope of COVID-19 measures. In addition to these, the maintenance and revision work for all Çimbeton equipment has been completed. Efforts have been made to increase capacity at facilities such as Torbalı, Aydın and Elazig RMC Plants. Çimbeton has purchased three trans mixers for their own fleet. Fuel usage tracking and control systems have been completed.

Furthermore, there are investments which will contribute to the enhancement of energy safety and efficiency at the İzmir and Edirne plants, as well as investments in environmental improvements for all our facilities, especially at the İzmir and Elazig plants.

In addition, at the İzmir Plant, within the scope of the project Cementir 4.0 which is supported by Cementir Holding N.V ("Cementir Holding"), the establishment of smart process control systems has been completed in the 2nd raw mill and 6th cement mill operations.

In accordance with the investment plan of 2022; quick-win projects that will contribute to the improvement of existing plant performance, energy usage and efficiency improvements to sustain the reduction of production costs will be continued.

3. Internal control and independent audit

The Internal Audit Function at Cementir Holding conducts the company's internal control and audit processes. There is a Budget Planning & Controlling department at the company where the company's activities and transactions are audited to verify whether they comply with the law. Procedures and activity results are also checked to verify whether they comply with the budget and/or plans.

Both departments have been operating efficiently and actively. They duly inform the related departments on time. By doing so, they demonstrate great performance by taking precautionary measures as well as implementing and enhancing additional operations.

Our company was audited by the independent auditing company, KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. during this fiscal year and received a positive report.

Information about lawsuits filed against the company is given in the "Important Lawsuits" section under the heading "Provisions, Contingent Assets and Liabilities" in the disclosures section of the Financial Statements and the case disclosures related to CMB are also given below.

Pursuant to ruling No. 44649743-663.09-286-8709 dated 2 September 2014 ("Ruling") published on the weekly bulletin of the Capital Markets Board (CMB) on 29 August 2014 and served to the Group on 5 September 2014 as a result of an investigation by the CMB, it was determined that the sales price was set lower than the equivalents. The proceedings were secretly transferred to Cementir Holding when the shares of Alfacem S.r.L. were re-sold to the parent company at the same price in accordance with the Board of Directors resolution dated 20 March 2009 after the shares were acquired in 2005 for a cost of €85.000.000 from a subsidiary of the parent company Cementir Holding to which Çimentaş is associated in terms of management, audit and capital. Accordingly, it was ruled to notify Çimentaş to take the necessary measures to return to the Group within three months at the latest the 101.811.908 Turkish lira financing cost that Çimentaş bore on the sales date on 20 March 2009.

Upon receiving the notice, the Group applied to the CMB for rescission of the decision in accordance with article 11 of the Administrative Jurisdiction Procedures Law. As this application was not responded to within the legal period of 60 days, it was considered rejected and the Group was notified of the CMB's rejection response after the completion of the 60-day period.

A lawsuit was filed against the CMB on 30 December 2014 for reversal of the decision with the file No. 2014/2266 E. of the 7th Administrative Court of Ankara, and the court stayed the execution. Upon objection by the CMB, the Administrative Court of Ankara granted a motion for stay of execution and the file was submitted to the commission of experts. The experts' report was submitted to the court and statements were made in opposition to the report. By means of ruling number 2014/2266 E – 2018/1858 K. of Ankara Administrative Court No 7, the part of the CMB's ruling No. 286-8709 dated 2 September 2014 which concerned the taking of the necessary measures to return to the company the 101,811,908 Turkish lira financing cost the company was alleged to have borne within three months at the latest was annulled. Timely application for appeal was made against the adverse portions of the ruling. Our appeal request has been rejected and an appeal has been filed with the Council of State against this decision. The appeal process is ongoing.

There are no significant lawsuits that may affect the activities of the company.

No administrative or judicial sanctions were applied against the company or the members of the Board of Directors on the basis of practices violating legislative provisions.

Objectives set by the company were achieved within the 2021 period and the resolutions of the General Assembly were carried out.

4. Donations and remittance

The consolidated total amount of donations and benefits belonging to the companies of the Çimentaş Group for the period 2021 is 1.099.675,05 TL. The total amount of donations made on behalf of the company in 2021 was 387.563,83 TL, consisting of 375.340,42 TL in cash and 12.223,41 TL as commodities.

The donation amounts are within the limits of the donation power received at the 2020 Ordinary General Assembly.

5. Information on production and sales

As seen from the annual growth numbers of 2021, Turkey has recorded an annual growth of 11% overall. However, the construction sector has shrunk by 0,6% within the first nine months of 2021. Despite the shrinkage in the construction sector, our company, taking both the regions where it is active and the differences in market conditions into account, domestic sales increased by 11,22% and export sales decreased by 3,66% compared to the previous year.

Within this context, total group sales increased by 9,11% compared to the same period of the previous year.

6. Main factors affecting the performance of the sector and the business

More than 50% of the costs of all enterprises in the sector and our company on a regional basis constitute energy, including fuel and electricity. Therefore, energy management and its cost are sensitive to the sector, and the upward changes in coal and petroleum coke prices and/or exchange rates and the increases in electricity prices adversely affect the capacity utilization and competitiveness of the sector. Although an increase in coal and petroleum coke prices is not expected in USD terms, the exchange rate effect is expected to have negative effects.

It is seen that the negative effects of the COVID-19 pandemic on both our country's economy and the global economy also affect the construction industry. Within the framework of the efforts to return to normality and the seasonal effects that started in June 2020, signs of recovery have started to be seen in our sector. This situation was also reflected in the construction permits, and the area of the buildings for which construction permits were issued by municipalities in 2020 increased by 48,7% compared to 2019. Positive effects continue to be seen in 2021 as well, and in 2021, there was an increase of 24,1% in buildings for which construction permits were granted by municipalities compared to the same period of the previous year.

However, it is necessary to keep in mind that the COVID-19 pandemic is still widespread, there are concerns that new waves may come due to mutations in the virus, which may trigger new restrictions and closures.

Besides the effects of this unexpected and temporary pandemic;

In order to increase the use of alternative fuels in the sector, incentives for waste-management must be improved and made more attractive.

One of the most sensitive issues in the industry is the licensing and sustainability of raw material resources. Both legal and practical developments in these matters are also carefully followed.

Urban transformation projects to be realized within the framework of the enacted "Law on Transformation of Areas Under Disaster Risk" are seen as one of the most important sources of potential for the sector.

7. Result section of the commitment report

IT, management consultancy, administrative support, and trademark usage services, which are listed in the report provided by the parent company, are in compliance with market practices. In this regard, no damage has been sustained by the company and no harmful act has been done/committed by the management of the parent company.

E- FINANCIAL POSITION

1. Basic ratios

There is no value not recorded in the financial statements as per the Capital Market Legislation and Accounting Standard. Our company has not experienced technical bankruptcy or is overly in debt.

The ratios compared with the previous year are as follows:

Ratio	2021/12	2020/12
Current Ratio	0,93	1,05
Liquidity Ratio	0,64	0,83
Liabilities/Assets	0,44	0,36
Liabilities/Equity	0,78	0,56
Equity/Assets	0,56	0,64
Profitability by sales	0,18	0,10

When the consolidated financial statements of Çimentaş Group as of 31 December 2021 are reviewed, it is seen that the Group's performance has improved compared to the previous year. Gross sales profit, which was 110.889.320 TL in 2020, rose to 320.040.862 TL in 2021, and the gross profit margin increased from 10% to 18%. In addition, while the consolidated operating loss was 76.853.965 TL, loss before tax was 61.433.030 TL and net loss for the period was 56.410.085 TL in 2020, profit was obtained in all items mentioned in 2021, and the operating profit is 37.966.694 TL. Profit before tax is 212.615.690 TL and net profit for the period is 197.343.939 TL.
The improvement in the company's performance is expected to continue in 2022.

2. Profit and investment policies applied by the company in order to strengthen its performance

The key point intended to strengthen the company's performance is a financial policy mainly based on equity capital. Our main shareholder, Cementir Holding N.V., recognizes this policy and supports the company's application of it with the aim of using equity capital for cost-decreasing investments. This approach is effective for ensuring the profit margin remains sustainable. Our company, by distributing profit over the market conditions via ready money or free stock certificates, creates a higher premium performance for its partners by increasing the share value.
As per the General Assembly's decision dated 15 April 2021, the decision was taken not to distribute profit, since there is a loss for the financial period in the company's legal records.

3. Financial resources and risk management policies

The financing of investments and the company's needs are mainly met with equity capital. If the need arises, the company uses short-term Turkish Lira loans or foreign-currency loans.
The risks that may be faced by the company are audited by specialized groups in accordance with the main shareholder's policies.
As of 31 December 2021, Çimentaş shares with a nominal value of TL 2.152.727,83 is traded on Borsa Istanbul under the name of CMENT on the "Pre-Market Trading Platform".

F- EVALUATION OF RISKS

Risk management, which is also a management function, has become legally necessary following the enactment of the new Capital Market Law and Turkish Commercial Code. Article 378 of the Turkish Commercial Code sets forth that the "Board of Directors in publicly held companies is responsible for: pre-determination of the reasons that could endanger the continuance and development of the company, implementation of necessary solutions in order to prevent the risks, formation of a committee and making such systems function and improve".
In order to develop current risk management skills and comply with article 378 of the Turkish Commercial Code, a "Risk Committee" was formed within Çimentaş in November 2012. The committee members are Mr Mehmet Cemali Dinçer, Mr Marco Maria Bianconi and Mr Ercan Karaismailoğlu for 2020. Risk Committee meetings are held periodically, and a report is submitted to the Board of Directors.

In this regard, a "Risk Management Project" was implemented in 2013. Within the scope of this project, risk inventories have been prepared; risks have been prioritised and evaluated by using the appropriate risk methodology in compliance with the internationally recognised "COSO Corporate Governance". As a result of such evaluations, risk maps have been created; roles and responsibilities including monitoring and reporting steps have been defined and documented. The Risk Committee works based on this methodology.

G- RELATED PARTY TRANSACTIONS

The details of major goods and service sales to related parties as of 31 December 2021 are as follows;

- Cement and clinker sales to Spartan Hive SpA amounting to 200.407.358 TL.
- Land sales amounting to 13.810.000 TL, ready-mixed concrete sales amounting to 688.927 TL and fuel oil sales amounting to 107.759 TL were made to Yapıtek Yapı Teknolojisi Sanayi ve Ticaret A.Ş.

The details of major goods and service purchases from related parties as of 31 December 2021 are as follows;

- Raw material and spare part purchases from Spartan Hive SpA amounting to 26.808.990 TL.
- Royalty fee charge from Cementir Holding N.V amounting to 21.352.786 TL.
- Consultancy services from Aalborg Portland Holding A/S amounting to 10.217.089 TL.
- Goods purchases and consultancy services acquired from Aalborg Portland A/S amounting to 8.340.174 TL.
- Consultancy services from Aalborg Portland Digital Srl amounting to 7.133.481 TL.

A more detailed explanation of transactions with related parties was made in the Disclosure No. 5 "Related Party Disclosures" of the Financial Report dated 31 December 2021.

REPORT ON THE APPLICATION OF CORPORATE GOVERNANCE PRINCIPLES

SECTION I- DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Our company has implemented all necessary corporate governance principles contained in the annex of the provisions communiqué related to the determination and implementation of Corporate Governance Principles II-17.1 of the Capital Markets Board during the year 2021. There are non-compulsory principles, some of which are contained in the Turkish Commercial Code and some which are waived based on the structure of the sector and the management structure of the company. Remarks on the subject are provided below.

You can reach the "Corporate Governance Compliance Report" and "Corporate Governance Information Form" which were prepared in accordance with Corporate Governance Principles II-17.1 of the Capital Markets Board by visiting the company's profile at https://www.kap.org.tr/tr/sirket-bilgileri/ozet/907-cimentas-izmir-cimento-fabrikasi-t-a-s.

SECTION II- SHAREHOLDERS

2.1 Investor Relations Department

The "Legal Affairs and Investor Relations Department" conducts relations with shareholders in coordination with the "Finance Directorate".

The primary activities of this department have been focused on conducting relations with either shareholders or the Capital Markets Board ("CMB") and the Istanbul Stock Exchange ("ISE"). Accordingly, monitoring the company's stock certificates, transactions related to shareholders' rights, disclosure of special events to the public and arrangement of General Assembly meetings of the company are handled by this department.

The authorized person is Didem Hürcan who has a Capital Market Activities Level 3 license numbered 209900 and Corporate Governance Rating license numbered 702104. This department can be reached via email: didemhurcan@cimentas.com or phone: +90 (0) 232 472 10 50.

More than 50 applications have been received from individual and institutional investors as well as intermediary entities. These have been replied to and the requirements of the relevant parties have been met within the period.

2.2 Shareholders' rights regarding acquisition of information

Requests for information received by the company from shareholders, as well as investors and intermediary entities, have been especially intense in terms of requests for the report on operations as well as the 2021 General Assembly meeting and the performance of the company with regards to profit distribution issues. These requests have been met by providing the necessary explanations and documents.

Studies related to publishing the developments concerning the utilization of rights by shareholders through electronic media are still in progress. Updates related to the subject are made available on the company's website. Such developments are announced within the framework of legal regulations which are presently in force.

The appointment of a private auditor was not regulated as an individual right within the scope of the Articles of Association, and no request for the appointment of a private auditor was received within the period. Çimentaş is periodically audited by an independent external audit firm within the context of Capital Market Law. Furthermore, systematic auditing of the group is periodically conducted by the Internal Audit Function within the framework of a specific programme. A regulation on the subject is also available in the new Turkish Commercial Code article 438.

2.3 General Assembly meetings

During the period, the Ordinary General Assembly meeting for the year 2020 was held on 15 April 2021 and 98% participation was recorded at the Ordinary General Assembly for the year 2019. Before the General Assembly meeting, the agenda, information about company activities and the financial statements were communicated to the shareholders on the company's website. Shareholders used their questioning rights during the meeting. Information about donations made during the period was given to the shareholders as part of a separate agenda item. The Articles of Association do not contain a particular provision related to the quorum so the relevant provisions of the Turkish Commercial Code (TCC) were applied.

Invitations to the General Assembly meeting are published as required by the provisions of the Turkish Commercial Code and Capital Markets Law and are also published on the company's website three weeks prior to the meeting. Registration proceedings for shareholders to participate in the General Assembly are conducted under the provisions of the TCC and Capital Markets Law.

Information related to the Ordinary and Extraordinary General Assembly meetings is made available for shareholders to review at the company headquarters pursuant to the Turkish Commercial Code.

In order to facilitate shareholder participation in the General Assembly, in addition to announcements and publications, due diligence is exercised to ensure access to information on the issues constituting the agenda of the General Assembly and the requirements of legal regulations are complied with.

Media operators are also invited to the General Assembly meeting and they attend.

Minutes and documents related to the General Assembly meetings are made permanently available for shareholders to review at the company headquarters.

2.4 Voting rights and minority rights

Company shares do not provide voting privileges and each share gives only one voting right to its holder.

To resolve issues regarding voting by companies which have a mutual participation relation, the rules of "disfranchisement" stated in the Turkish Commercial Code are applied.

Since the number of minority shares in the company is low (around 3%), they are not represented in the management.

The Articles of Association of the company do not contain a provision for the method of cumulative voting in the election of the Board of Directors and statutory auditors.

2.5 Profit distribution policy and profit distribution timing

A written company profit distribution policy has been drafted and approved by the Board of Directors and the issue has been regulated explicitly in detail in the Articles of Association. With regard to the share of the company's profit, founder certificate holders have privileged rights which means, after deduction of taxes and legal liabilities, as well as losses of past years, from net profit and after allocation of 5% legal reserve as per article 519 of the Turkish Commercial Code and 50% for the first dividend under Articles of Association, 10% of the remaining dividend amount is distributed to the founder certificate holders.

Although the communiqué published by the Capital Markets Board gives a rate of 20% for first dividend, the rate is set at 50% in the Articles of Association of the company as specified above. This circumstance is the result of the policy aimed at maximizing the profit share rights of the shareholders. This policy is applied under consideration of the economic conditions of the country and the present situation of the company. Legal periods in profit distribution are strictly followed. The Board of Directors' profit distribution proposal is submitted to the shareholders as information via special event disclosures prior to the General Assembly meeting and are also stated in the activity report. In cases of non-distribution, information regarding the reason and usage of the non-distributed profit is given in the General Assembly.

2.6 Assignment of shares

Since all company shares were converted into bearer shares upon modification of the Articles of Association as resolved in the Ordinary General Assembly meeting for the year 2005, a particular provision restricting assignment of shares does not exist.

SECTION III- PUBLIC DISCLOSURE AND TRANSPARENCY

3.1 Company website

A website named www.cimentas.com, established in the name of our company, was activated during the year 2009. The content of the website has reached the level established by the Principles of Corporate Governance thanks to improvements made since early 2012. Information on the website is updated continuously. The company's press documents are provided on the website. Information on the website is also available in English as necessary, taking into consideration the needs of international investors.

3.2 Annual report

Information on the corporate governance principles are featured in the annual report.

SECTION IV- STAKEHOLDERS

4.1 Information on the company policy relevant to the stakeholders

Relations between stakeholders and the company are entirely based on written agreements, while relations and operations between the parties are governed within the framework defined by the agreements. In cases where agreements do not exist, the parties' interests are preserved within the framework of legislation and goodwill rules and the company's options. Stakeholders are informed about subjects pertaining to them by the company, with meetings organized by the company and through e-mails.

4.2 Support for stakeholder participation in management

Information on the company and its activities is given during the meetings held both with personnel and other stakeholders from time to time. In addition, although no model regarding participation of the personnel in management and disclosures has been established, expectations, complaints and suggestions from the personnel and the customers are collected through surveys and enquiries conducted with the personnel and the customers. Corrective and regulative actions are taken based on the findings which are evaluated and prioritized by top management.

4.3 Human resources policy

Çimentaş Group seeks to build a competent community of managers and employees through the improvement of organizational efficiency and individual skills in the workplace, in order to create a unique difference and competitive advantage.

The basic guidelines of Company HR policy may be summarized under the headings below.

(i) Recruiting and employment;	To ensure that the competent people who will carry our organization to the future are acquired by correctly identifying the skills and competencies needed by the organization. To use the right tools during the selection period and to ensure that decisions are taken are taken without discrimination in accordance with our equal opportunity principle.
(ii) Training;	Organization of training and development activities for the purpose of developing the the technical skills and leadership competencies of existing human resources to to support our sustainable growth. Development of special and structured programs for the development and retention of potential employees in the organization.
(iii) Remuneration;	Following a policy that encourages a culture of performance in line with our corporate values and allows us to attract/retain talent. Our policy is shaped by respecting the the characteristics of labour markets and inflationary dynamics.
(iv) Activities increasing motivation and communication;	Creating a working environment where our employees will feel safe and motivated; prioritizing transparent communication and increasing departmental cooperation.

The recruitment and placement process are carried out with the same standards in all Çimentaş Group companies and equal opportunities are offered to all candidates who want to apply for a job. Job applications are collected through our website and online sites that everyone can easily access. Job-specific job descriptions are identified as located in the pre-selection criteria which are applied to all applications in the same way, and the ten candidates that meet the criteria sit predefined standardized tests and their results are taken into account by applying selection tools.

Training courses aimed at increasing the knowledge, skills and manners of employees are planned every new year and are implemented fairly and evenly in accordance with the approved budget. Training needs are planned for and implemented individually in accordance with the results of performance evaluation for managerial positions. In addition, planned collective training courses are carried out in accordance with the functions and team needs.

Every year, the backup work for key positions in the organization is reviewed. Development activities are organized for potential employees who will be promoted to top positions.

A Collective Labour Agreement of the Cement Industry Employers' Union is applied in Çimentas Group companies. In accordance with the law, an Employers' Union Workplace Representative is elected from among the workers working in the establishments covered by the Collective Labour Agreement of the Cement Industry Employers' Union.

The duties of Union Representatives are as follows;

- To ensure the settlement of disputes and complaints arising from the application of the Collective Labour Agreement, which are transferred to them by both the employee and the employer, by consulting with the employees and employers,
- Ensuring that the rights of employees are recognized and observed by the employer in accordance with the provisions of this agreement and legislation, ensuring the protection of the rights of employees and the law,
- In order to increase the knowledge and skills of employees, to assist the employer in educational work to be carried out by the employer at work and externally, and to ensure the participation of employees,
- To ensure the continuation of working peace including cooperation and working harmony between the worker and the employer in the workplace.

The job descriptions of white-collar employees in our Çimentaş Group companies have been created as of 2009 and announced to all our employees. In case of organizational changes, it is revised as required. Blue-collar personnel work with the job classification and definitions defined by the union.

In determining wages and other benefits for white-collar personnel, business rating systems and market conditions are taken into account. The job appraisal, job groups and job titles determined by the Cement Industry Employers' Union are applied to blue-collar personnel and the provisions of the Collective Bargaining Agreement are complied with.
Decisions taken at our workplaces and developments in our companies, union representatives, bulletin boards, group and internal company websites (Cementir Holding Energy, Çimentaș Group Intracim) and e-mails are communicated to our employees. Information sharing between managerial positions is carried out at Management Communication Meetings organized every three months which are attended by all Çimentaș Group Managers. At regular OHS board meetings held every month, suggestions and improvements from OHS sub-committees are discussed. The workplace representative transfers the OHS board decisions to the workers and communicates the requests and suggestions from the workers to the board.
Employees of Çimentaș Group companies are not discriminated against on the basis of race, religion, language or gender. There have been no complaints of discrimination or physical or mental ill-treatment at our companies.
The wages and benefits of our employees who are outside the scope of the Collective Labour Agreement are managed from a total cash perspective. At our company, all employees work on a gross salary basis, and there are benefits such as a short-term incentive system, company car, private pension with contribution, and private health insurance which are implemented at different levels.
The wages and benefits of the employees, subject to the Collective Labour Agreement, are reviewed at each contract renewal period.

4.4 Codes of Conduct and social responsibility

There is a Code of Conduct that has been accepted and approved by the Board of Directors and implemented by our main shareholder Cementir Holding. This regulation has been published on the company's website.
With regards social responsibility, culture and understanding, the company has sustained its support especially in the fields of training, health, and sports over the years through the ÇESVAK Foundation.

SECTION V- BOARD OF DIRECTORS

5.1 Structure of the Board of Directors

Members of the Board of Directors

Taha Aksoy	Chairman
Marco Maria Bianconi	Vice Chairman
Mevlüt Cenker Mirzaoğlu	CEO
Pasquale Vetrano	Member
Paolo Regoli	Member
İlhan F. Gürel	Member
Bahri Hüseyin Zühal	Independent member
Mehmet Cemali Dinçer	Independent member

All members of the Board of Directors meet the qualifications determined by the CMB Corporate Governance Principles. There is no special provision regarding the qualifications of the members of the Board of Directors in the Articles of Association.
Most of the members of the Board of Directors are non-executive members. Independent members will take part in the 2021 Ordinary General Assembly meeting as per the Capital Markets Board Regulations and Corporate Governance Principles.

Brief CVs of the BoD members

Taha Aksoy, graduated from the Department of Civil Engineering of the Middle East Technical University, and subsequently completed his master's degree at the same university. He started his career as an assistant at METU and then continued this duty at Munich Technical University. He worked as the General Manager of Betonsan A.Ş, Çimentaş Gazbeton Enterprises and Beşer Balatacılık.
Taha Aksoy, who was a Member of Parliament between 2007 and 2011, most recently served as the General Coordinator of the 17th Mediterranean Games, Mersin 2013. Taha Aksoy has a very good command of English and a good command of German.

Marco Maria Bianconi, graduated with an MBA from the New York University Stern School of Business, class 1996, Finance major. He graduated with honours in Economics and Commerce from LUISS University in Rome in 1988, has been a Chartered Accountant since 1989 and worked as a Certified Public Accountant until 2016. In 2003, he joined Caltagirone SpA as Finance Director and then moved to Cementir in 2008 as Chief of Planning, Budget and Control. Since 2012, he has been Head of M&A and IR. He is Chairman of the BoD of China, Malaysia and the US subsidiaries and member of the BoD of various operating companies.
Previous work experiences include eight years at Fidelity Investments UK as Analyst and Portfolio Manager, Merrill Lynch and CSFB in New York. He has served as a non-executive director of ACEA, Banca Antonveneta, Montepaschi Leasing & Factoring, Fabrica Immobiliare SGR.

Mevlüt Cenker Mirzaoğlu, graduated in Metallurgical and Materials Engineering from İstanbul Technical University. Cenker Mirzaoğlu has a deep knowledge of Turkish business and economy, with more than 20 years of professional experience, gained in cement, RMC and construction industries, initially with Sabancı Group, Betonsa, Akçansa and Çimsa companies. He joined Çimentaş Group in 2011, taking the lead of Çimbeton at RMC company of Çimentaş Group and then taking whole sales and marketing responsibility in Çimentaş Group. In 2015, he became General Manager of Çimko Cement&RMC company and after two years he was appointed as CEO and Board Member. He was responsible for the transformation of the company. Currently he is the CEO and Board Member of Çimentaş Group in Turkey.

Pasquale Vetrano, graduated in Electrical Engineering from the Federico II University of Naples with Executive MBA from the IMD Business School in Lausanne, Switzerland.
Pasquale Vetrano is an executive with many years of experience in multinational companies having worked in the ABB Group for almost 25 years. During this period, he held different managerial positions from operations to supply chain in Italy and then in Switzerland with headquarters in Zurich as Division Supply Chain Manager, Group Vice President. He spent a significant part of his working period abroad in countries such as China, India, the Middle East, North-Central Europe and North Africa.
In 2011, Pasquale joined Cementir Holding in the role of Group Chief Strategic Sourcing and in 2017, he became Group Chief Global Procurement Officer. Since April 2017, he has been Executive Board Member of Spartan Hive, the trading company of the Cementir Group. In June 2018, he joined the Board of Çimentaş and Recydia (Turkey) and CCB (Belgium) as Designated Board Member of Cementir Holding.

Paolo Regoli, studied Economics in England and completed his Master's in Finance. He is a senior executive with more than 20 years of experience in finance and management in a variety of positions, companies and markets. He started his career in England working for the Italian stainless steel producer AST Group, which is part of the German ThyssenKrupp group. In 2006, he served as the Italian Holding Group Control Manager. In 2009, he stepped into a new experience by working as Group Control Manager for eight years in a private Italian company, which is the European leader in the food packaging industry. In 2017, he became CFO of a small but dynamic business in the architecture and luxury hotel industry. In 2018, Paolo Regoli joined Cementir Holding as Head of Group Planning, Budget and Control.

İlhan Feyzi Gürel, is still working as Sunel T.T.A.Ş. He continues his duty as the Chairman of the Board of Directors of Kütaş Tarım Ürünleri Dış Ticaret ve Sanayi A.Ş., Kütaş Group Companies and Gürel Gayrimenkul A.Ş.
İlhan Feyzi Gürel graduated from Newcastle University as a Mechanical Engineer and earned an MA from Durham University.

Bahri Hüseyin Zühal, started his career in Yaşar Holding. During his tenure at Yaşar Holding, he gained international experience in the production and marketing of Group products, mainly metal packaging, paint and textile chemicals. His responsibilities include establishing offices and companies abroad, analysing and preparing pre-marketing research, and developing related business strategies.
Bahri Hüseyin Zühal, who continued his career at Çimentaş Group from 1998 to the end of 2011, held senior management positions in cement marketing and ready mixed concrete. Lastly, he served as Ready-Mixed Concrete Director at Çimbeton. Bahri Hüseyin Zühal is a graduate of Ege University, Department of Chemistry. He is fluent in English and French.

Mehmet Cemali Dinçer, Prof. Dr. Cemali Dinçer is a graduate of METU (Middle East Technical University), Ankara-Turkey, from the Department of Industrial Engineering in the Faculty of Engineering. He subsequently completed his graduate education in the USA, studying on a NATO scholarship at Stanford University, first for an MSc degree in Industrial Engineering and an MSc degree in Statistics, followed by a PhD in Industrial Engineering and Engineering Management. He was then invited to take part in establishing the Department of Industrial Engineering at Bilkent University, the first "Foundation University" in Turkey starting this kind of education in Ankara at the time. In 1986, he was appointed as one of the first academic staff members at Bilkent University. In 1998, Dr. Dinçer transferred to the private sector and worked as General Manager of Yeni Asır Daily (a newspaper belonging to the Sabah Group media company) in Izmir. Later, he moved back to academia and joined Izmir University of Economics (IUE).
In 2006, Dinçer served as the General Manager of IzAIR (Izmir Airlines), an airline company operating in İzmir. In 2011, he worked at Istanbul Bilgi University as the Dean of the Faculty of Engineering and then as the Vice Rector, responsible for Academic Affairs.
Following these posts, he started work at Yaşar University in Izmir starting in September 2014. Dr. Dinçer has been reappointed as the Rector of Yaşar University by the Higher Education Council of Turkey in August 2019 for the second term of office.
Dr. Dinçer has received many awards, including from Stanford University and he has published numerous scientific articles and books in international and national journals.
Since a Candidate Presentation Committee has not been formed, Mr. Bahri Hüseyin Zühal and Mr. Mehmet Cemali Dinçer, who have been determined by the Corporate Governance Committee and approved in terms of independency, have been presented as independent member candidates to the Board of Directors with a report dated 3 March 2021 and approved at the Board of Directors Meeting on 4 March 2021. Independent members presented their independency statements in accordance with relevant legislation and they have preserved their independence criteria.
The granting of duties outside the company the status of members of the Board of Directors and company managers is regulated by the corporate Code of Ethics.
Since members of the Board of Directors have no duty outside the group organization, there is no need to determine a rule for such duties.

5.2 Activity principles of the Board of Directors

As some of the members of the Board of Directors are located abroad, meetings of the Board of Directors are usually performed without being convened in person, but by video conference.

There were 15 meetings of the Board of Directors in the period.

There were no questions or opposing opinions from members of the Board of Directors. Since there was no unfavourable vote, there was no dissenting opinion in the minutes of the meeting.

The date of the Board of Directors meeting, agenda and annotations related to the agenda together with information documents were delivered to the members of the Board of Directors prior to the meeting as per the "Corporate Actions Management" procedure.

Each member has only one voting right. There is no cumulative vote or negative veto right in the Board of Directors.

During the meetings of the Board of Directors, all subjects are resolved through detailed and clear discussion. The provisions of TCC are applied regarding the quorum.

Prohibition of activities in competition with the company is not applied to the members of the Board of Directors based on the permission of the General Assembly within the period. Moreover, these persons have not entered deals that would treat the company unfairly or performed any activity which required entering into competition with the company.

Related party transactions have been submitted for approval to the independent board members but there are no significant transactions.

5.3 Committees established within the company

The "Audit Committee", "Corporate Governance Committee" and "Risk Committee" were established by the members of the Board of Directors.

The Audit Committee is composed of two members and independent board members Hüseyin Bahri Zühal and Mehmet Cemali Dinçer who were elected by the BoD as members.

Independent board member Hüseyin Bahri Zühal was elected as the chairman of the Corporate Governance Committee and board member Marco Maria Bianconi and Consolidation, Reporting and Cost Accounting Manager Didem Hürcan were elected as the members.

Independent board member Mehmet Cemali Dinçer was elected as the chairman of the Risk Committee and board member Marco Maria Bianconi and Chief Financial Officer Ercan Karaismailoğlu were elected as members.

The working principles of the committees established by the members of the Board of Directors are determined and disclosed to the public by the BoD.

5.4 Risk management and internal control mechanisms

The "Risk Committee" was established by the Board of Directors and has been operating regularly, providing the Board of Directors with quarterly Risk Management Reports and follow-up on management actions to mitigate the identified risks.

There is an internal audit function within the group and there are mechanisms related to internal control and audit.

5.5 Strategic purposes of the company

The mission, vision and purposes of the company are established by the BoD. These purposes are established as part of five-year plans and reviewed each year.

5.6 Financial rights provided to the Board of Directors and top management

In addition to the attendance fee for the Board of Directors (BoD) members and the salary paid to the Chairman and Managing Directors, there is no other fee paid to the BoD members, or a reward system based upon the performance. The Board of Directors determines the amount of salary paid to the Chairman and Managing Director.

Remuneration principles are disclosed to the public via the company website, annual report, and public disclosure platform. These disclosures are made based on information from the BoD.

In principle, the company does not provide credit to members of the Board of Directors and managerial personnel. However, the Managing Director may provide limited credit to managers in extraordinary cases.

SUSTAINABILITY

Notice of Compliance with Sustainability Principles	Compliance Status					Descriptions
	Yes	Partially	No	Exempt	Irrelevant	
A. GENERAL PRINCIPLES						
A1. STRATEGY, POLICIES AND AIMS						
The Board of Directors (BoD) has defined its priority issues, risks and opportunities on the basis of Environmental, Social and Institutional Management (ÇSY).		X				Çimentaş is part of Cementir Group. Starting from 2019, Cementir set 26 Sustainability Targets, aligned with the United Nation's Sustainability Goals (SDGs), that will guide the Group's business and therefore also Çimentaş business, over the next decade. The targets are related to the Group's effort to adopt all necessary measures and the most innovative technological solutions to minimise the impact of our business on the environment; create a healthy, safe and inclusive work environment; respect human rights and create a constructive and transparent relationship with local communities and business partners.
A ÇSY Policy has been created in compliance with priority issues, risks and opportunities defined by the BoD.		X				Board of Directors continues its studies on this matter.
In-house documents such as regulations, work procedures etc., have been created for the sake of effectively practicing ÇSY policies.		X				In-house directives and procedures related to Institutional Management, Human Resources and Labour Ethics are available.
A Board resolution has been taken for ÇSY policies and disclosed to public.			X			
A partnership strategy has been defined in compliance with ÇSY policies, risks and opportunities.			X			
Short- and long-term aims in compliance with the partnership strategy and ÇSY policies have been established and disclosed to public.			X			

Notice of Compliance with Sustainability Principles	Compliance Status					Descriptions
	Yes	Partially	No	Exempt	Irrelevant	
A. GENERAL PRINCIPLES						
A2. APPLICATION/MONITORING						
Committees and/or units responsible for governing ÇSY policies have been defined and disclosed to public.		X				The parent Company, Cementir Holding, established a Group Sustainability Committee in 2019. The Group Sustainability Committee examines, evaluates and makes recommendations to the Cementir Holding Board regarding the sustainability objectives for the incentivisation of management at Group, Region and BU level, acts as delegated by the Cementir Holding Board in matters of sustainability both globally and locally, including as regards the definition, monitoring, evaluation and reporting of policies and practices, management standards, strategy, performance and governance, at global and local level.
Such defined committees and/or units have prepared reports related to the activities they have developed within the scope of ÇSY policies.		X				Relevant reports are present in the parent company reporting package.
Reports have been submitted to the Board of Directors at least once a year, within the maximum period of time, which have been determined for disclosing annual activity reports to the public.			X			
Application and action plans have been created in line with the short- and long term aims defined and disclosed to public.			X			
ÇSY Key Performance Indicators (KPI) have been determined and indicators have been comparatively disclosed on the basis of years.	X					In parent company Cementir Group, the main sustainability KPIs (CO2 emissions, energy consumption, water consumption, safety KPIs, training hours) are collected and monitored on a quarterly basis On a yearly basis, the consolidated sustainability KPIs are published in the Cementir Group Sustainability Report.
In the event that verifiable qualified data are available, KPIs have been presented together with local and international sector comparisons.	X					Cementir Group is committed to reducing Scope 1 and Scope 2 GHG emissions by 25% per ton of cement-based products by 2030, using 2020 as the base year. The mentioned target covering greenhouse gas emissions from company operations (Scopes 1 and 2) is consistent with reductions required to keep warming to well below 2°C and have been validated by the Science Based Targets initiative (SBTi). The Group targets have individual goals for each subsidiary, so also for Çimentaş.
Innovation activities that reform sustainability performance, realized through business processes or products and services have been disclosed.	X					The Group developed FUTURCEMTM. FUTURECEM™ is an innovative, validated, and patented technology which allows more than 35% of clinker in cement to be substituted with limestone and calcined clay. Leveraging on their unique synergy, the material combination in FUTURECEM™ has resulted in a more sustainable and high-performance cement with up to 30% smaller carbon footprint compared to ordinary Portland cement. Also, the low carbon benefits of FUTURECEM™ are achieved while preserving the strengths and quality of cement. In 2021, Cementir started the distribution of FUTURCEM in North Europe.

Notice of Compliance with Sustainability Principles	Compliance Status					Descriptions
	Yes	Partially	No	Exempt	Irrelevant	
A. GENERAL PRINCIPLES						
A3. REPORTING						
Sustainability performance, aims and actions have been reported at least once a year and disclosed to public.	X					Every year, Cementir Group publishes a Group Sustainability Report. The Report consolidates the information on the entire Cementir Group and therefore Çimentaș is also included.
Information concerning sustainability activities have been disclosed within the scope of the activity report.	X					
Important information regarding understanding the position, performance and development of partnership by shareholders have been directly shared using concise language (further posting of detailed information and data on the corporate web site or preparation of different reports directly meeting the needs of different shareholders, etc.).	X					
Maximum care has been given to transparency and reliability in reports and descriptions.	X					
All development concerning priority issues in statements and reporting have been disclosed objectively within the scope of a balanced approach.	X					
Information was provided on which of the activities conducted are involved in which of the United Nations (UN) 2030 Sustainable Development Goals.		X				Starting from 2019, Cementir Group set 26 Sustainability Targets, aligned with the United Nation's Sustainability Goals (SDGs), that will guide the Group's business and therefore also Çimentaș business, over the next decade. Every year, Cementir Group publishes a Group Sustainability Report with the status of each target.
A statement concerning lawsuits filed and/or finalized adversely on environmental, social and institutional management matters, was released.		X				Statements related to administrative and judicial proceedings that may affect value, price or investment decisions of capital market instruments are being released.
A4. VERIFICATION						
Sustainability performance measurements verified by independent third parties (independent sustainability assurance providers) have been disclosed to the public.	X					Every year, Cementir Group publishes a Group Sustainability Report. The report is supported by independent assurance by external auditors (PwC). The report consolidates the information on the entire Cementir Group and therefore Çimentaș is also included.
Effort was made with regard to increasing aforesaid verification transactions.		X				This matter is being assessed by the Board of Directors.
B. ENVIRONMENTAL PRINCIPLES						
Policies and practices, action plans, environmental management systems (ISO 14001) and programs in the field of environment management have been disclosed.	X					Cementir Group holds an ISO 14001 certificate. Information concerning policies and practices in the field of environment management are included in consolidated reports prepared by the Group on a global basis.

Notice of Compliance with Sustainability Principles	Compliance Status					Descriptions
	Yes	Partially	No	Exempt	Irrelevant	
B. ENVIRONMENTAL PRINCIPLES						
Laws related to the environment and other relevant regulations have been harmonized and this situation has been disclosed.	X					
Limit, reporting period, reporting date of environmental report prepared within the scope of sustainability principles, the data collection process and restrictions related to reporting conditions are contained in the report prepared within the scope of sustainability principles.	X					This information is included in consolidated reports prepared by the Group on a global basis.
Top level responsibilities related to the matter of environment and climate change in partnership, relevant committees and responsibilities have been disclosed.		X				The company is involved in environmental and climate change studies carried out by the ultimate shareholder Cementir Holding.
Incentives presented for managing environmental matters including the realization of aims have been disclosed.	X					The sustainability roadmap has been determined and management approval has been obtained.
The fact of how environmental issues are integrated with business aims and strategies has been disclosed.	X					
Sustainability performance regarding business processes or products and services and activities improving such performance have been disclosed.	X					
Not only with respect to direct operations, but also along the partnership value chain, the fact of how environmental matters are managed and how suppliers and customers are integrated with strategies have been disclosed.		X				
We have been involved in policy creation processes in environmental matters (sectoral, regional, national and international).	X					Participation in committees that are related to "Türk Çimento".
Cooperation with duties obtained from, and operations supported by associations, relevant institutions to whom having been member in environmental matter, and STKs have been disclosed.		X				Cooperation is realized in the matter of environment with various STKs, which are not disclosed.
Information related to environmental effects in light of environmental indicators consisting of the effects of greenhouse gas emissions, energy management, water and waste water management, waste management, biodiversity (directly) scope-1, (through energy) scope-2, (through other means) scope-3 have been reported in a comparable way and periodically.	X					This information is included in consolidated reports prepared by the Group on a global basis.
Standard, protocol, methodology and basis year details used to collect and calculate data have been disclosed.	X					
Situation of environmental indicators for the reported year have been disclosed comparably with previous years to indicate increases and decreases.		X				
Short- and long-term aims developed on a scientific basis as suggested by the United Nations Climate Change Parties Conference have been determined in order to decrease environmental effects and such aims have been disclosed.	X					
Information has been provided in connection with proceedings realized in the report year in accordance with the aims (if any) defined previously in order to decrease environmental effects.	X					

Notice of Compliance with Sustainability Principles	Compliance Status					Descriptions
B. ENVIRONMENTAL PRINCIPLES	Yes	Partially	No	Exempt	Irrelevant	
Strategy and actions to combat the climate crisis have been disclosed.	X					
Program or procedures to prevent or to minimize potential adverse effects of products and/or services presented, have been disclosed.		X				
Actions third parties have taken to reduce greenhouse gas emissions have been disclosed.		X				Cementir Group is committed to reducing scope 1 and scope 2 GHG emissions by 25% per ton of cement-based products by 2030, using 2020 as the base year. The mentioned target covering greenhouse gas emissions from company operations (scopes 1 and 2) are consistent with reductions required to keep warming to well below 2°C and have been validated by the Science Based Targets initiative (SBTi). The Group's targets have individual goals for each subsidiary, so this includes Çimentaș.
Total number of actions taken, projects conducted and attempts regarding reducing environmental effects, and the environmental benefits/gain and cost savings these have provided, have been disclosed.		X				
Total energy consumption data except raw materials have been reported and energy consumption have been disclosed as scope 1 and scope 2.	X					
Information about electricity, heat and cooling produced and consumed in the reporting year was provided.	X					
Studies have been conducted on increasing the use of renewable energy, transitioning to electricity with zero or lower carbon and these studies have been disclosed.			X			
Data for the production and utilization of renewable energy have been disclosed.			X			Production or consumption of renewable energy are not available.
Projects of energy productivity have been conducted and reductions in energy consumption and emissions thanks to these studies have been disclosed.	X					
Amount of water extracted from underground and surface sources, used, recycled and discharged, resources and procedures thereof including water extraction by resource, water resources affected by water extraction, percentage and total volume of water recycled and reused have been reported.	X					
Whether operations or activities conducted are included in any carbon pricing system such as Emission Trade System, Cap & Trade or Carbon Tax has been disclosed.	X					

Notice of Compliance with Sustainability Principles	Compliance Status					Descriptions
	Yes	Partially	No	Exempt	Irrelevant	
B. ENVIRONMENTAL PRINCIPLES						
Information on carbon credit accumulated or purchased in the reporting period have been disclosed.			X			Accumulated or purchased carbon credit is not available.
If carbon pricing is applied within a partnership, details of the application have been disclosed.	X					To foster the transition of the Group to a low carbon economy, decisions on investments are driven by an internal carbon price.
All mandatory and volunteer platforms where environmental information is published have been disclosed.		X				
C. SOCIAL PRINCIPLES						
C1. HUMAN RIGHTS AND LABOUR RIGHTS						
Corporate Human Rights and Labour Rights Policy has been created where Institutional Human Rights and Labour Rights Policy has been created, where full compliance to the Universal Declaration of Human Rights, ILO Conventions approved by Turkey and the legal framework and legislation regulating human rights and labour life has been committed to.	X					
The aforesaid policy as well as roles and responsibilities related to practicing such policy have been disclosed to public.		X				We have a Human Resources Policy, but relevant roles and responsibilities have not been disclosed.
Opportunity equality has been provided for in the recruiting process.	X					
Inclusion issues, such as a fair labour force, improvement of labour standards, employment of women, where discrimination on the basis of characteristics such as sex, religious belief, race, ethnicity, age, disability, refugee status is not practised, and supply and value chain effects are also observed and these have been included in present policies.	X					
Measures taken along with value chain considerations on the matter of observing the rights of groups (low income, women, etc.) sensitive to certain economic, environmental, social factors or minority rights/equal opportunity have been disclosed.		X				Measures regarding observing and protecting equal opportunity in human resources management are taken and any statement related to this matter was not released.
Developments related to preventing and correcting discrimination, inequality, human rights violations, enforced employment have been reported.	X					Such reports are submitted to Cementir Group. Starting from 2020, the Group Internal Audit Department has verified the effective compliance of each company in the following areas: child labour, forced labour, non-discrimination, conditions of employment, security, and supply chain management.
Regulations regarding not employing child labour have been disclosed		X				Regulations regarding not employing child labour are available and any statement related to this matter was not released.
Employees have been informed of training and development investments made and any related policies, policies in connection with indemnifications, recognized side benefits, right to unionize, work/life balance solutions and competency management.		X				Policies in question are available and any statement related to this matter was not released.

Notice of Compliance with Sustainability Principles	Compliance Status					Descriptions
	Yes	Partially	No	Exempt	Irrelevant	
C. SOCIAL PRINCIPLES						
C1. HUMAN RIGHTS AND LABOUR RIGHTS						
Mechanisms related to workers' complaints and settlement of disputes have been created and the settlement process of disputes has been determined.	X					
Activities conducted with regard to ensuring worker's satisfaction have been regularly disclosed.		X				Studies related to worker's satisfaction are ongoing and such activities are shared within company.
Occupational health and security policies have been created and disclosed to the public.	X					
Measures taken against labour incidents and for the purpose of protecting occupational health and incident statistics have been disclosed.		X				Measures against labour incidents and regarding protecting occupational health are taken and any statement related to this matter was not released.
Policies for protecting personal data and data security have been created and disclosed to public.	X					
An ethics policy, in which work, working ethics, the compliance process, advertisement and marketing ethics, policies against misinformation, etc. are included, have been created and disclosed to the public.	X					The group published a Code of Ethics. In order to monitor continued compliance with the Code of Ethics by those employed by the Group, a Group Ethics Committee composed of the Group General Counsel and the Group Chief Internal Audit Officer has been established. The Ethics Committee is given the periodic information report on whistleblowing. Employees or third parties (suppliers, customers or other stakeholders) can send, with the maximum guarantee of confidentiality, reports of illegal or undesirable behaviour by filling in the form on the Group website, by sending a letter or email, or by using other dedicated channels.
Studies within the scope of social investment, social responsibility, financial comprehensiveness and access to finance have been disclosed.		X				This company has some social responsibility projects underway, and any statement was not released on this matter.
Information meetings and training programs have been arranged for employees on the matters of ÇSY policies and applications.			X			
C2. PARTNERS, INTERNATIONAL STANDARDS AND INITIATIVES						
Activities in the field of sustainability have been conducted upon considering the needs and priorities of all partners (such as workers, customers, suppliers and service providers, public institutions, shareholders, society and civil society institutions, etc.).	X					
The customer satisfaction policy in connection with management and resolution of customer complaints has been developed and disclosed to the public.		X				This Company holds a customer satisfaction policy, and any statement was not released on this matter.
Partner communication was conducted continuously and in a transparent manner.	X					

Notice of Compliance with Sustainability Principles	Compliance Status					Descriptions
	Yes	Partially	No	Exempt	Irrelevant	
C. SOCIAL PRINCIPLES						
C2. PARTNERS, INTERNATIONAL STANDARDS AND INITIATIVES						
Information on which partner is contacted, for what purpose, on what matter and how frequently, and developments achieved in sustainability activities have been disclosed.		X				Partners are contacted within the scope of sustainability and any statement was not released on this matter.
International reporting standards adopted such as Carbon Transparency Project (CDP), Global Reporting Initiation (GRI), International Integrative Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force for Climate related Financial Descriptions (TCFD) etc., have been disclosed to public.	X					CDP In 2021, the parent Company, Cementir Holding received an 'A-' rating for the management of climate change issues, and a 'B' rating for the management of water consumption. Cementir disclosed to CDP the data of the overall group were disclosed, so also the data related to Çimentaş. GRI Every year, Cementir group publishes a Group Sustainability Report according to GRI standards. TCFD The Cementir Group is committed to developing a business model aligned with TCFD recommendations.
International establishment or principles such as being an executor or member of Equator Principles, United Nations Environment Program Finance Initiation (UNEP-FI), United Nations Global Causes (UNGC), United Nations Principles of Responsible Investment (UNPRI) ; international principles adopted such as International Capital Markets Associations (ICMA) or Green/Sustainable Bill Principles have been disclosed to public.					X	Being an executor or member of any international establishment/cause/principle is not available within the scope of ÇSY.
A concrete effort was attempted to take a place in international sustainability indexes such as Stock Market İstanbul Sustainability Index and Dow Jones Sustainability Index, FTSE4Good, MSCI ÇSY Indexes.		X				This matter is assessed by the Board of Directors.
D. CORPORATE MANAGEMENT PRINCIPLES						
A concrete effort was attempted to comply with all Corporate Management Principles beside those Corporate Management Principles to which compliance is mandatory within the scope of Capital Market Board Corporate Management Notification no. II-17.1	X					
Sustainability issues, environmental effects of activities conducted and principles on this matter have been taken into account while determining management strategy.	X					
Measures necessary to comply with principles related to benefit owners and to empower communication with benefit owners as specified in Corporate Management Principles have been taken.	X					
Comments of benefit owners have been taken into account when determining measures and strategies in the field of sustainability.	X					
Studies on increasing awareness of sustainability and the importance thereof have been conducted by means of social responsibility projects, awareness activities and training.		X				Studies are conducted by the body of the Foundation and in view of local management.
Efforts have been made to become a member of international standards and initiatives on sustainability matters and to make contributions to studies.		X				This matter is assessed by the Board of Directors.
Policies and programs regarding combatting bribery and corruption and honesty principle in taxation respect have been developed and disclosed.		X				The matters in question are contained in the Work Ethics Policy of the company and were not disclosed to public.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CEMENTIR HOLDING

3 CONSOLIDATED FINANCIAL STATEMENTS 2021

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CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH TO ENGLISH

To the Shareholders of Çimentaş İzmir Çimento Fabrikası Türk A.Ş

A) Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of of Çimentaş İzmir Çimento Fabrikası Türk A.Ş. ("the Company")and its subsidiaries (together will be referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss and 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 at 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").

Basis for Opinion

We conducted our audit in accordance with standards on auditing issued by Capital Markets Board of Turkey ("CMB") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by 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 declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA (including Independence Standards) ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Fair value measurement of investment properties

Refer to Note 2 and Note 12 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for investment property.

The key audit matter	**How the matter was addressed in our audit**
In accordance with IAS 40, "Investment Properties", the investment properties are carried at fair value on the consolidated financial statements amounting to TL 690.830 thousands. The fair value gain amounting to TL 246.205 thousands was appraised by the independent professional valuers at 31 December 2021. The fair value gain was recognised as income from investing activities and the deferred tax effect was recognised in the tax income within the consolidated income statement. This was a key audit matter since the total amount of the investment property as of 31 December 2021 has a significant share in the assets of the Group, fair value gain in the current year is significant portion and these valuations include estimations and assumptions.	The following audit procedures were addressed in our audit work for the fair value measurement of investment properties: -We assessed in accordance with relevant audit standards that the competence, capability and objectivity of the independent professional valuers who were appointed by the Group management. -We checked and agreed the completeness and reconcile the input data in terms of m2, location and zoning status of investment properties, used by the independent professional valuers who were appointed by the Group management, on a sample basis, with the Group's records. -In accordance with the provisions of "ISA 620: Use of Work of Expert" standard, we got our auditor expert involved on a sample basis to evaluate the assumptions like discount rate, benchmark prices per m2, the construction costs per m2 and methods used by the Group management and the independent professional valuers who were appointed by the Group management. -The compliance of the disclosures of fair value determination of investment properties in the consolidated financial statements in accordance with the relevant financial reporting standards were evaluated.

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Goodwill impairment

Refer to Note 2 and Note 16 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for goodwill impairment.

The key audit matter	**How the matter was addressed in our audit**
Goodwill amounting to TL 222.910 thousands in total is presented under the goodwill line item included in intangible assets. In accordance with TFRS, intangible assets with indefinite life shall be tested for impairment annually. The impairment of goodwill was determined as key audit matter due to material amount of carrying value of goodwill and estimations and assumptions in impairment testing used by the Group management, like discount and growth rates, earnings before interest, tax and depreciation ("EBITDA") which are highly sensitive to future market conditions.	The following audit procedures were addressed in our audit work for the impairment of goodwill: -Evaluating the future business plans and explanations by considering macroeconomic data and inquiry with the Group management for the assumptions and estimations, analysis and future plans prepared the Group management. -The future cash flow projections prepared for each cash-generating unit were compared with past financial performances to assess whether they were reasonable. -The assumptions used in cash flow projections evaluated in the impairment test are evaluated in accordance with TAS 36 "Impairment in Assets" standard. -In accordance with the provisions of "ISA 620: Use of Work of Expert" standard, as an independent auditor, we got our auditor expert involved in evaluating the assumptions and methods used by the Group management in each impairment test. The design and mathematical accuracy of the calculation model of discounted cash flow, assumptions of discount rate and its components used in the impairment test model by the Group management were checked. -In addition, disclosures and explanations for the goodwill impairment tests were evaluated in compliance with relevant financial reporting standards.

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

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.

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

Responsibilities of auditors in an 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 standards on auditing issued by the CMB and Standards on Auditing issued by POA 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 the CMB and Standards on Auditing issued by POA, 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.

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• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 actions taken to eliminate threats or safeguards applied.

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) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") numbered 6102; the Independent Auditor's Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 31 December 2021

2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period between 1 January 2021 and 31 December 2021, the Company's bookkeeping activities and consolidated financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

3) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

İsmail Önder Ünal, SMMM
Partner
4 March 2022
İzmir, Turkey

ÇİMENTAŞ İZMİR ÇİMENTO FABRİKASI TÜRK A.Ş. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF 31 DECEMBER 2021 AND 2020

The amounts are expressed in Turkish Lira ("thousand TL") unless otherwise stated.

		Independently Audited	
ASSETS	Note	31 December 2021	31 December 2020
Current Assets		**876.894**	**574.967**
Cash and Cash Equivalents	6	89.907	80.242
Trade Receivables		473.325	338.018
- Due From Related Parties	*5.1*	*319*	*9.083*
- Due From Third Parties	*8.1*	*473.006*	*328.935*
Other Receivables		5.686	11.774
- Due From Related Parties	*5.2*	*175*	*6.837*
- Due from Third Parties	*9.1*	*5.511*	*4.937*
Inventories	10	273.740	124.107
Prepaid Expenses	11.1	16.755	10.940
Current Income Tax Assets	28	14	251
Other Current Assets	20.1	17.467	9.635
Non-Current Assets		**1.659.732**	**1.215.191**
Other Receivables		911	870
- Due from Third Parties	*9.2*	*911*	*870*
Investment Properties	12	690.830	458.035
Tangible Assets	13	556.081	463.980
Right of Use Assets	14	31.684	26.379
Intangible Assets		288.530	206.137
- Goodwill	*16*	*222.910*	*200.631*
- Other Intangible Assets	*15*	*65.620*	*5.506*
Prepaid Expenses	11.2	1.205	29
Deferred Tax Assets	28	56.672	26.551
Other Non-Current Assets	20.2	33.819	33.210
TOTAL ASSETS		**2.536.626**	**1.790.158**

LIABILITIES	Note	Independently Audited 31 December 2021	31 December 2020
Short-Term Liabilities		**946.075**	**545.445**
Short-Term Borrowings	7	72.700	--
- Short-Term Borrowing from Non-Related Parties		*72.700*	--
Short-Term Portions of Long-Term Borrowing	7	18.588	19.580
- Short-Term Portions of Long-Term Borrowing from Non-Related Parties		*18.588*	*19.580*
- Leasing Payables		*18.588*	*19.580*
Trade Payables		599.811	302.020
- Due to Related Parties	*5.3*	*76.512*	*46.033*
- Due to Third Parties	*8.2*	*523.299*	*255.987*
Debts Related to Employee Benefits	19.1	8.147	7.555
Other Payables		158.042	159.166
- Other Payables to Related Parties	*5.4*	*155.032*	*155.360*
- Other Due to Third Parties	*9.3*	*3.010*	*3.806*
Deferred Income (Apart from Obligations Arising under Customer Contracts)	11.3	24.550	9.716
Current Income Tax Liability	28	2.673	383
Short-Terms Provisions		40.359	41.014
- Short-term Provisions for Employee Benefits	*19.2*	*10.471*	*8.109*
- Other Short-term Provisions	*17.3*	*29.888*	*32.905*
Other Short-Term Liabilities	20.3	21.205	6.011
Long-Term Liabilities		**167.636**	**100.253**
Long-Term Borrowings	7	14.979	8.522
- Long-Term Borrowing from Non-Related Parties		*14.979*	*8.522*
- Leasing Payables		*14.979*	*8.522*
Deferred Income (Apart from Obligations Arising under Customer Contracts)		480	--
Long-term Provisions		85.892	64.784
- Long-term Provisions for Employee Benefits	*19.3*	*28.012*	*26.932*
- Other Long-term Provisions	*17.3*	*57.880*	*37.852*
Deferred Tax Liability	28	66.285	26.947
TOTAL LIABILITIES		**1.113.711**	**645.698**
EQUITY		**1.422.915**	**1.144.460**
Equity of Parent Company		**1.152.970**	**904.228**
Paid-in Capital	21	87.112	87.112
Capital Adjustment Differences	21	20.069	20.069
Additional Capital Contributions of Shareholders	21	92.792	--
Cross Shareholding Capital Adjustment	21	(3.381)	(3.381)
Share Premiums / Discounts	21	161.554	161.554
Other Accumulated Comprehensive Income / Expenses that will not be Reclassified through Profit or Loss		76.214	79.860
Revaluation and Remeasurement Gains	*21*	*76.214*	*79.860*
- Tangible Fixed Assets Revaluation Fund Increases	*21*	*98.097*	*100.604*
- Re-measurement Loss on Defined Benefit Plans	*21*	*(21.306)*	*(20.167)*
- Other Loss on Revaluation and Measurement	*21*	*(577)*	*(577)*
Other Accumulated Comprehensive Income / Expenses that will be Reclassified through Profit or Loss		4.918	9.880
- Foreign Currency Translation Differences		*4.918*	*9.880*
Reserves on Retained Earnings		37.338	63.407
Retained Earnings		513.469	520.977
Net Income / (Loss) for the Period		162.885	(35.250)
Non-Controlling Interests		**269.945**	**240.232**
TOTAL LIABILITIES		**2.536.626**	**1.790.158**

ÇİMENTAŞ İZMİR ÇİMENTO FABRİKASI TÜRK A.Ş. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS 1 JANUARY 2021 - 31 DECEMBER 2021 AND 2020
The amounts are expressed in Turkish Lira ("thousand TL") unless otherwise stated.

		Independently Audited	
PROFIT OR LOSS	Note	1 January – 31 December 2021	1 January – 31 December 2020
Revenue	22	1.820.999	1.141.875
Cost of Sales (-)	22	(1.500.958)	(1.030.986)
GROSS PROFIT	22	**320.041**	**110.889**
General Administrative Expenses (-)	23.1	(158.860)	(133.527)
Marketing Expenses (-)	23.2	(50.204)	(41.143)
Other Income from Real Operating Activities	25.1	46.228	15.267
Other Expenses from Real Operating Activities (-)	25.2	(119.238)	(28.340)
OPERATING PROFIT / (LOSS)		**37.967**	**(76.854)**
Income from Investing Activities	26.1	247.242	55.886
Expenses from Investing Activities (-)	26.2	(361)	(16.047)
OPERATING PROFIT / (LOSS) BEFORE FINANCIAL INCOME / (EXPENSE)		**284.848**	**(37.015)**
Financial Income	27.1	14.307	20.586
Financial Expenses (-)	27.2	(86.539)	(45.004)
PROFIT / (LOSS) BEFORE TAX		**212.616**	**(61.433)**
Tax Income / (Expense)		**(15.272)**	**5.023**
Income Tax Expense	28	(11.377)	(5.197)
Deferred tax income / (expenses)	28	(3.895)	10.220
PERIOD PROFIT / (LOSS)		**197.344**	**(56.410)**
Distribution of Net Profit / (Loss)			
Non-Controlling Interests		34.459	(21.160)
Equity of Main Shareholders		162.885	(35.250)
Net Income / (Loss) for the Period		**197.344**	**(56.410)**
Gain / (Loss) per Share Attributable to Parent Company TL	29	**1,8811**	**(0,4071)**
OTHER COMPREHENSIVE INCOME / (EXPENSE):			
Income that will not be Reclassified through Profit or Loss		**(1.339)**	**(1.322)**
Remeasurement Losses on Defined Benefit Plans		(1.674)	(1.652)
Taxes on Other Comprehensive Expense that will not be Reclassified through Profit or Loss		335	330
- Deferred Tax Income		*335*	*330*
Income that will be Reclassified through Profit or Loss		**(9.457)**	**(309)**
Foreign Currency Translation Differences		(9.457)	(309)
OTHER COMPREHENSIVE EXPENSE		**(10.796)**	**(1.631)**
OTHER COMPREHENSIVE INCOME / (EXPENSE)		**186.548**	**(58.041)**
Distribution of Total Comprehensive Income / (Expense)			
Non-Controlling Interests		29.739	(21.561)
Equity of Main Shareholders		156.809	(36.480)
Total comprehensive income / (expenses)		**186.548**	**(58.041)**

ÇİMENTAŞ İZMİR ÇİMENTO FABRİKASI TÜRK A.Ş. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS 1 JANUARY 2021 - 31 DECEMBER 2021 AND 2020

The amounts are expressed in Turkish Lira ("thousand TL") unless otherwise stated.

Independently Audited	Paid-in Capital	Capital Adjustment Differences	Additional Capital Contributions of Shareholders	Cross Shareholding Capital Adjustment	Share Premiums / Discounts	Revaluation Increases in Fixed Assets
PRIOR PERIOD						
Balances as of 1 January 2020	87.112	20.069	--	(3.381)	161.554	100.958
Transfers	--	--	--	--	--	(354)
Net loss for the period	--	--	--	--	--	--
Other comprehensive income / (expenses)	--	--	--	--	--	--
Total comprehensive income / (expenses)	--	--	--	--	--	--
Dividends	--	--	--	--	--	--
Balances as of 31 December 2020	87.112	20.069	--	(3.381)	161.554	100.604
CURRENT PERIOD						
Balances as of 1 January 2021	87.112	20.069	--	(3.381)	161.554	100.604
Transfers	--	--	--	--	--	(2.507)
Net profit for the period	--	--	--	--	--	--
Other comprehensive income / (expenses)	--	--	--	--	--	--
Total comprehensive income / (expenses)	--	--	--	--	--	--
Dividends	--	--	--	--	--	--
Shareholders' other contributions	--	--	92.792	--	--	--
Balances as of 31 December 2021	87.112	20.069	92.792	(3.381)	161.554	98.097

Other Accumulated Comprehensive Income / Expenses that will not be Reclassified through Profit or Loss		Other Accumulated Comprehensive Income/Expenses that will be Reclassified through Profit or Loss						
Revaluation and Remeasurement Gains				Accumulated Profits				
Remeasurement Losses on Defined Benefit Plans	Other Revaluation and Measurement Losses	Foreign Currency Translation Differences	Reserves on Retained Earnings	Retained Earnings	Net Income / (Loss) for the Period	Equity of Parent Company	Non-Controlling Interests	Equity
(19.199)	**(577)**	**10.133**	**63.407**	**603.508**	**(82.756)**	**940.828**	**261.785**	**1.202.613**
9	--	--	--	(82.419)	82.756	(8)	8	--
--	--	--	--	--	(35.250)	(35.250)	(21.160)	(56.410)
(977)	--	(253)	--	--	--	(1.230)	(401)	(1.631)
(977)	**--**	**(253)**	**--**	**--**	**(35.250)**	**(36.480)**	**(21.561)**	**(58.041)**
--	--	--	--	(112)	--	(112)	--	(112)
(20.167)	**(577)**	**9.880**	**63.407**	**520.977**	**(35.250)**	**904.228**	**240.232**	**1.144.460**
(20.167)	**(577)**	**9.880**	**63.407**	**520.977**	**(35.250)**	**904.228**	**240.232**	**1.144.460**
(25)	--	--	(26.069)	(6.626)	35.250	23	(23)	--
--	--	--	--	--	162.885	162.885	34.459	197.344
(1.114)	--	(4.962)	--	--	--	(6.076)	(4.720)	(10.796)
(1.114)	**--**	**(4.962)**	**--**	**--**	**162.885**	**156.809**	**29.739**	**186.548**
--	--	--	--	(882)	--	(882)	(3)	(885)
--	--	--	--	--	--	92.792	--	92.792
(21.306)	**(577)**	**4.918**	**37.338**	**513.469**	**162.885**	**1.152.970**	**269.945**	**1.422.915**

ÇİMENTAŞ İZMİR ÇİMENTO FABRİKASI TÜRK A.Ş. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE YEARS 1 JANUARY - 31 DECEMBER 2021 AND 2020

The amounts are expressed in Turkish Lira ("thousand TL") unless otherwise stated.

		Independently Audited	
		31 December 2021	31 December 2020
A. CASH FLOWS FROM OPERATING ACTIVITIES		**120.576**	**35.242**
Period Profit / (Loss)		**197.344**	**(56.410)**
Period Profit / (Loss) from Ongoing Operations		197.344	(56.410)
Adjustments for Period Net Profit / (Loss) Reconciliation		**(83.937)**	**78.324**
Adjustments for Depreciation and Amortization Expense	13.2, 24	81.359	74.436
Adjustments for Impairment		(2.474)	(551)
Adjustments for Impairment Value in Receivables	*8.1*	*(2.474)*	*(551)*
Adjustments to Provisions		15.175	18.515
Adjustments for Provisions Related with Employee Benefits		*10.813*	*8.451*
Adjustments for Provisions for Lawsuits and Fines	*17.3*	*(3.498)*	*3.600*
Adjustments for Other Provisions		*7.860*	*6.464*
Adjustments for Interest Income and Expenses		10.499	2.173
Adjustments for Interest Income	*25.1, 27.1*	*(5.221)*	*(12.057)*
Adjustments for Interest Expenses	*25.2, 27.2*	*15.720*	*14.230*
Adjustments for Unrealized Foreign Currency Exchange Differences		43.065	25.427
Adjustments to Earnings on Fair Value		(246.205)	(54.075)
Adjustments for Fair Value Gains on Investment Property	*26.1*	*(246.205)*	*(54.075)*
Adjustments for Tax Expense / (Income)	28	15.272	(5.023)
Adjustments for Losses/Earnings through Sale of Long-Term Assets	26.1, 26.2	(676)	14.236
Other Adjustments to Reconcile Period Net Profit /(Loss)		48	3.186
Changes in Operating Capital		**32.447**	**27.510**
Adjustments for Increase in Trade Receivables		(123.866)	(67.331)
Decrease / (Increase) in Trade Receivables from Related Parties		*13.449*	*(9.524)*
Increase in Trade Receivables from Non-Related Parties		*(137.315)*	*(57.807)*
Adjustments for Increase in Other Receivables Related to Operations		(573)	(55)
Adjustments for Increase in Other Receivables Related to Operations from Non-Related Parties		*(573)*	*(55)*
Adjustments for Inventory Decrease / (Increase)		(147.503)	11.096
Adjustments for Increase in Trade Payables		278.469	71.439
Increase in Trade Payables to Related Parties		*10.919*	*8.368*
Increase in Trade Payables to Non-Related Parties		*267.550*	*63.071*
Adjustments for Increase / (Decrease) in Other Payables Related to Operations		(796)	2.901
Increase / (Decrease) in Other Payables due to Non-related Party Transactions		*(796)*	*2.901*
Increase / (Decrease) in Deferred Income (Apart from Obligations Arising under Customer Contracts)		15.314	6.099
Adjustments related to Other Increase / (Decrease) in Working Capital		11.402	3.361
Decrease / (Increase) in Other Assets Related to Operations		*(13.952)*	*5.109*
Increase / (Decrease) in Other Liabilities Related to Operations		*25.354*	*(1.748)*
Cash Flow Used in Activities		**145.854**	**49.424**
Payments Made Related to Provisions for Employee Benefits		(10.169)	(3.736)
Payments Related to Other Provisions		(5.428)	(3.500)
Tax Payments		(9.681)	(6.946)

ÇİMENTAŞ İZMİR ÇİMENTO FABRİKASI TÜRK A.Ş. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE YEARS 1 JANUARY - 31 DECEMBER 2021 AND 2020

The amounts are expressed in Turkish Lira ("thousand TL") unless otherwise stated.

		31 December 2021	31 December 2020
B. CASH FLOWS FROM INVESTMENT ACTIVITIES		**(126.608)**	**(13.753)**
Cash Outflows from Purchases for the Purpose of Acquiring Control of Subsidiaries	3	(53.544)	--
Cash Inflows from Proceeds from Sale of Tangible and Intangible Assets		648	12.214
Cash Outflows from Acquisition of Tangible and Intangible Assets		(94.745)	(32.919)
Cash Inflows from Proceeds of Sale of Investment Properties		20.895	--
Interest Received		561	6.680
Other Cash Inflows / (Outflows)		(423)	272
C. CASH FLOWS FROM FINANCING ACTIVITIES		**37.793**	**(28.154)**
Cash Inflows from Loans and Borrowing		88.650	68.500
Cash Outflows from Repayment of Loans and Borrowings		(15.950)	(68.500)
Increase in Other Trade Payables Received from Related Parties		9.712	2.515
Decrease in Other Trade Payables Received from Related Parties		(5.843)	(506)
Cash Outflows from Payment of Payables Arising under Leases		(30.760)	(21.119)
Dividend Payment		(885)	(112)
Interest Paid		(7.131)	(8.932)
INCREASE / (DECREASE) IN CASH and CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES (A+B+C)		**31.761**	**(6.665)**
D. THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		**(22.096)**	**(6.309)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**9.665**	**(12.974)**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**6**	**80.242**	**93.216**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	**6**	**89.907**	**80.242**


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4 NOTES TO THE FINANCIAL STATEMENTS

The amounts are expressed in Turkish Lira ("thousand TL") unless otherwise stated.

1. ORGANIZATION OF THE GROUP AND NATURE OF BUSINESS

Çimentaş İzmir Çimento Fabrikası Türk A.Ş. ("Çimentaş" or "the Company"), parent company, was established on 7 August 1950. The Company operates in the production, trade, sale and transportation of bulk and bagged cement. The company's parent company is Spanish-domiciled Aalborg Portland Espana SL ("Aalborg Portland Espana") and Çimentaş's former parent company, Italian-domiciled Cementir Holding S.p.A ("Cementir Holding"), maintains its controlling share in the company as ultimate parent company.
Subsidiaries ("Subsidiaries") of Çimentaş operate in the following main areas:

Subsidiaries	Operating Country	Nature of Business
• Çimbeton Hazır Beton ve Prefabrik Yapı Elemanları San. ve Tic. A.Ş. ("Çimbeton")	Turkey	Ready-mixed concrete and cement production
• Kars Çimento Sanayi ve Tic. A.Ş. ("Kars Çimento")	Turkey	Cement production
• Destek Organizasyon Temizlik, Akaryakıt, Tabldot Servis San. Ve Tic. A.Ş. ("Destek")	Turkey	Fuel sales
• İlion Çimento İnşaat San. ve Tic. Ltd. Şti. ("İlion Çimento")*	Turkey	Fly ash production
• Recydia Atık Yönetimi Yenilenebilir Enerji Üretimi ve Lojistik Hizmetleri San. ve Tic. A.Ş. ("Recydia")	Turkey	Cement production and waste management
• Süreko Atık Yönetimi Nakliye Lojistik Sanayi ve Ticaret A.Ş. ("Süreko")	Turkey	Waste management
• Neales Waste Management Holdings Limited ("NWM Holding")	England	Waste management
• Neales Waste Management Limited ("NWM")	England	Waste management
• Quercia Limited ("Quercia")	England	Waste management
• Clayton Hall Sand Company Limited ("CHS")	England	Waste management
• Ege Kırmataş Madencilik İnşaat Lojistik Sanayi ve Ticaret Anonim Şirketi ("Ege Kırmataş")**	Turkey	Aggregate production

* Since the operations of İlion Çimento are surplus to requirements, the dissolution of İlion Çimento was resolved on at the General Meeting held on 10 December 2021 and dissolution procedures continue.

** Transfer was taken on 23 November 2021 of the entirety of the registered shares having a nominal value of TL 4.200 thousand in Ege Kırmataş for the consideration of USD 4.500 thousand.

Çimentaş and Çimbeton, its subsidiary, are publicly traded companies. The shares that equal 3,07 percent of Çimentaş's capital (31 December 2020: 2,90%) and 49,65 percent of Çimbeton's capital (31 December 2020: 49,65%) are traded in the Borsa İstanbul A.Ş. ("BIST") under the names CMENT and CMBTN, respectively.
The registered address of the Company is Egemenlik Mah. Eski Kemalpaşa Cad. No: 4B Işıkkent Bornova - İzmir/Turkey.
For the Company and its subsidiaries, the term "The Group" will be used throughout the report.
As of 31 December 2021, the number of employees in the Group is 773 (31 December 2020: 748).

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Preparation

2.1.1 Financial reporting standards applied

The attached consolidated financial statements have been prepared in accordance with the "Communiqué on Principles of Financial Reporting in the Capital Markets" Numbered Series II-14.1 promulgated in edition 28676 of the Official Gazette of 13 June 2013 and, on the basis of Article 5 of the Communiqué, they are based on the Turkish Financial Reporting Standards ("TFRS") and related annexes and interpretations placed into effect by the Public Oversight, Accounting and Auditing Standards Authority ("KGK"). TFRS are updated through communiqués to ensure compliance with changes that take place to International Financial Reporting Standards ("IFRS").

The consolidated financial statements have been presented in accordance with the "Announcement on TAS Taxonomy" issued by the CMB on 15 April 2019 and the formats specified in the Consolidated Financial Statement Examples and the Usage Manual issued by the CMB.

Per the announcement made by the KGK on 20 January 2022 it was declared that, since the cumulative change in overall purchasing power over the past three years according to the Consumer Price Index ("TÜFE") has been 74.41%, no adjustment requires to be made under TAS 29 Financial Reporting Standards in Hyperinflationary Economies in the 2021 financial statements of businesses that implement TFRS. Hence, no TAS 29-related inflation adjustment was made in preparing the 31 December 2021 consolidated financial statements.

The CMB adopted a resolution on 17 March 2005, and announced that publicly traded companies operating in Turkey shall no longer be required to apply inflation accounting, effective 1 January 2005. Henceforth, the consolidated financial statements of the Group were prepared accordingly.

In maintaining the accounting records and the preparation of its statutory financial statements, the Group and its subsidiaries registered in Turkey comply with the principles and conditions stipulated by the CMB, the Turkish Commercial Code "TCC"), the tax legislation and the requirements of the Uniform Chart of Accounts issued by the Ministry of Finance. The subsidiaries that operate in foreign countries have prepared their financial statements in accordance with the currency, laws and regulations applicable in countries where they operate. Consolidated financial statements have been measured and presented on a historical cost basis in the Company's functional currency of the Turkish Lira ("TL") except for investment properties and financial assets and liabilities, which are presented at fair value, and the necessary adjustments and classifications have been made so that correct measurement and presentation pursuant to TFRS is made in statutory records.

On 4 March 2022, the board of directors approved the Group's financial statements for the 31 December 2021 year-end. The General Assembly is entitled to amend the financial statements in question after their legal publication and the regulatory bodies concerned are entitled to request they be amended.

2.1.2 Functional and reporting currency

The financial statements are presented in the reporting currency Turkish lira ("TL"), the currency of the primary economic environment in which the Company operates. The information related to the currencies other than TL is specified fully unless otherwise stated.

2.1.3 Basis of Consolidation

The consolidated financial statements include the accounts of parent company Çimentaş and its subsidiaries in line with the principles explained below. Financial statements of the companies included in the consolidation have been prepared by applying uniform accounting policies in accordance with the TFRS and providing the same presentations as of the dates when the financial statements are issued. When necessary, the subsidiaries' accounting policies were redrawn to be consistent with those of the Group.

i. Non-controlling interests

Non-controlling interests have been classified separately as "non-controlling interests" in the statement of the subsidiary's share of net assets and consolidated profit and loss and other comprehensive income and expense in the reporting period, the consolidated statement of profit or loss and other comprehensive income and expense and the consolidated statement of changes in equity.

ii. Subsidiaries

All businesses controlled by the Group are subsidiaries of the Group. The Group is said to be in control of the entity if it is exposed to variable returns due to its relationship with the business or if it is entitled to the returns, while at the same time, having the convenience of influencing it using its hold on the business. When the control on the subsidiary is taken over by the Group, then the subsidiary is included in the consolidation. When the control on the subsidiary ends, then the subsidiary concerned is excluded from the consolidation.

The statements of financial position and profit or loss and other comprehensive income of the companies included in the consolidation are consolidated employing the full consolidation method and all significant debit/credit balances and purchase and sale transactions between are mutually netted. The shareholding amounts and the shareholders' equity of the companies participated in are eliminated mutually. Under assets, while recognized profits and losses arising from intra-group transactions are mutually netted, unrealized losses are written off in cases where the transaction is not indicative of impairment of the exchanged asset. Changes have been made to subsidiaries' accounting policies where necessary in the interests of consistency with accounting policies adopted by the Group.

The following table shows the Company's subsidiaries along with the size of its direct and indirect shareholdings and its degree of control as of 31 December 2021 and 2020:

	Directly and indirectly controlled shares of Çimentaș and its subsidiaries (%)		**Directly and indirectly controlled shares of Çimentaș and its subsidiaries (%)**	
	2021	**2020**	**2021**	**2020**
Ege Kırmataș	100,00	--	100,00	--
Destek	99,99	99,99	99,99	99,99
Recydia	51,72	51,72	79,26	79,26
NWM Holding	51,72	51,72	79,26	79,26
NWM	51,72	51,72	79,26	79,26
Quercia	51,72	51,72	79,26	79,26
CHS	51,72	51,72	79,26	79,26
Süreko	51,72	51,72	79,26	79,26
Kars Çimento	41,55	41,55	58,70	58,70
Çimbeton	50,31	50,31	92,81	92,81
Ilion Cement	50,28	50,28	92,80	92,80

iii. Loss of control

The Group de-recognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary, if it loses control over the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. The shares remaining in the previous subsidiary are measured at their fair value on the day the control is lost.

iv. Changes in stakes in subsidiaries that do not lead to loss or acquisition of control

Transactions conducted in shares not conferring control that do not lead to the loss or acquisition of control are treated as transactions among shareholders in non-controlling shares. Profit or loss arising from the purchase or sale of non-controlling shares that do not lead to the loss or acquisition of control are recognized under assets.

v. Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated when preparing the condensed consolidated financial statements. Profits and losses arising from transactions conducted between a subsidiary and the parent company or the parent company's subsidiaries subject to consolidation have been netted. Unrealized losses are eliminated in the same way as unrealized gains, unless there is evidence of impairment.

vi. Business combinations

The Group recognizes business combinations using the acquisition method at the time control passes to the Group when the acquired set of activities and assets meets the definition of a business. In determining whether a particular set of activities and assets constitutes a business, the Group assesses whether the set of activities and assets possesses the two basic elements of inputs and processes applied to those inputs. However, to be considered a business, the set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output.

The Group has the option of performing a voluntary "concentration test" that permits assessment to be made in a simplified manner of whether the acquired set of activities and assets is a business. The concentration test is met if substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The amount transferred on acquisition is generally recognized at fair value as such under acquired net identifiable assets. The ensuing goodwill is tested for impairment annually. Profit or loss arising from bargain purchases is immediately recognized in profit or loss. Transactional costs the Group incurs in connection with the business combination apart from expenses entailed by the issue of debt notes or equity instruments are booked to expenses as they are incurred.

The cost of acquisition does not include amounts entailed in the closure of existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is recognized at fair value on the combination date. If contingent consideration that meets the definition of a financial instrument is classified as a component of equity it is not remeasured and is recognized in equity. Conversely, subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

In the event that share-based payment rights (vested rights) held by employees of the acquired business in respect of past employment are replaced with new share-based payment rights (replacement rights), all or a portion of the market-based measurement of the replacement rights is included in the acquisition consideration as part of the business combination. This amount is determined as the portion of the replacement rights attributable to precombination service and by comparing the market-based measurement of the replacement rights and the market-based measurement of the vested rights.

2.1.4 Foreign currency transactions

i) Transactions and balances

Foreign currency transactions are exchanged to the functional currency based on the foreign exchange rate on the day of the transaction. Foreign exchange gains or losses that arise from these transactions and from exchanging the foreign currency monetary assets and liabilities based on the year-end exchange rates are regarded as maintaining the cash flow and net investment. As such, they are included in the statement of consolidated profit or loss and other comprehensive income, and not in the items under the shareholders' equity.

ii) Conversion of the financial statements belonging to subsidiaries abroad

Financial statements of the subsidiaries registered in foreign countries are prepared according to the standards, laws and regulations of the country they are located in, and conformed to TFRS to ensure accurate presentation and content. Assets and liabilities of the subsidiaries operating abroad are exchanged to Turkish lira based on the exchange rates at the time of the statement of financial position (balance sheet). These subsidiaries' statement of statement of profit or loss items are exchanged to Turkish lira based on the average exchange rates (if the average rates do not reasonably reflect the currency fluctuations at the time of transaction, the transactions will be based on the rate at the time of the transaction). Exchange rate differences that arise as a result of using the closing and average exchange rates are recognized under the "foreign exchange differences" in the shareholders' equity.

Following rates were used for the currency exchanges:

Year-end:

	31 December 2021	31 December 2020
Turkish Lira/Sterling	0,0557	0,1006

Average:

	1 January - 31 December 2021	1 January - 31 December 2020
Turkish Lira/Sterling	0,0824	0,1113

2.2 Changes in the Turkish Financial Reporting Standards

Amendments as of 31 December 2021, but which had not yet entered into force, and were not applied early

Amendments which had been published but which have not yet entered into force and been applied early

Some new standards, remarks and amendments which had been published as of the reporting date but not yet come into force and which were not applied early by the Group although approval for their early application had been granted are as set out below.

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

The International Accounting Standards Board (IASB) has extended the availability of the practical expedient by twelve months so as to additionally cover rent concessions for which any reduction in lease payments affects payments due on or before 30 June 2022. The first amendment made in this respect was published in May 2020 by the IASB to give relief to lessees in accounting for Covid-19-related rent concessions granted to them such as reductions or rent payment holidays and to continue to provide investors with useful information about leases. The amendments in question were promulgated on 5 June 2020 by the KGK as Amendments Made to TFRS 16. This particular amendment is effective for annual reporting periods beginning on or after 1 April 2021. Lessees are also permitted to apply it early if financial tables had not yet been authorized for issue by 31 March 2021, the date this amendment was issued. In other words, if financial statements for accounting periods prior to the date on which the amendment was issued had not yet been published, this amendment can be applied to the financial statements in question. The 2021 amendments are applied retrospectively with the cumulative effect of initial application being recognized as an adjustment to the opening balance of previous years' profits at the beginning of the annual accounting period in which the amendment was first implemented.

The original version of the practical expedient was applied optionally. However, the 2021 amendments are not optional. This is because a lessee that chose to apply the practical expedient introduced by the 2020 amendments has to consistently apply the extension to eligible contracts with similar characteristics and in similar circumstances.

This means that lessees will need to reverse previous lease modification accounting if a rent concession was ineligible for the original practical expedient under the 2020 amendments but becomes eligible as a result of the extension.

Amendment to TFRS 3 relating to References in the Conceptual Framework

In May 2020, the IASB issued an amendment concerning references made to the Conceptual Framework in IFRS 3. Under the amendment, references made by the IASB in IFRS 3 to an old version of the Board's Conceptual Framework for Financial Reporting were replaced with a reference to the latest version issued in March 2018. Subsequently a TFRS 3 amendment to reflect these amendments was also issued by the Public Oversight, Accounting and Auditing Standards Authority on 27 July 2020.

The Group must apply these amendments as of reporting terms commencing on 1 January 2022 or later, but consent has also been granted for early application.

Tangible Assets - Making them fit for purpose (amendment to TAS 16)

In May 2020, the IASB issued the amendment "Tangible Assets — Making them fit for purpose", which amended the standard in IAS 16 Tangible Assets. A TAS 16 amendment to reflect these amendments was also issued by the Public Oversight, Accounting and Auditing Standards Authority on 27 July 2020.

The amendment in question increases transparency and consistency by clarifying accounting provisions on this matter – in particular, with the amendment, it is no longer permitted to deduct from the cost of an item any proceeds from selling items produced while making that item fit for purpose. Instead a company will from now on reflect the proceeds of these types of sales and associated costs in profit and loss.

The Group must apply these amendments as of reporting terms commencing on 1 January 2022 or later, but consent has also been granted for early application. The amendments in question are applied retrospectively but only to tangible asset items that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the amendments are first applied. The cumulative effect of initially applying the amendments is recognized as an adjustment to the opening balance of undistributed profits or another suitable component of shareholders' equity at the start of the earliest period presented.

Economically disadvantaged contracts - Contract fulfilment costs (amendment to TAS 37)

In May 2020, the IASB published the amendment "Economically disadvantaged contracts - Contract fulfilment costs" which amended IAS 37 Provisions, Contingent Liabilities, and Contingent Assets.

The IASB issued this amendment to IAS 37 in order to assess whether a contract is economically disadvantageous and to clarify that costs of fulfilling the contract cover both necessary additional costs for fulfilling it and an allocation of other direct costs. Subsequently a TAS 37 amendment to reflect these amendments was also issued by the Public Oversight, Accounting and Auditing Standards Authority on 27 July 2020.

The amendments set out which costs businesses may include when specifying the costs of fulfilling a contract in order to assess whether a contract has been fulfilled.

The Group must apply these amendments as of reporting terms commencing on 1 January 2022 or later, but consent has also been granted for early application. The cumulative effect of initially applying the amendments is recognized as an adjustment to the opening balance of undistributed profits or another suitable component of shareholders' equity on the adoption date. Comparative information is not adjusted.

Classification of Liabilities as Short or Long Term (Amendments to TAS 1)

Amendments relating to the "Classification of Liabilities as Short or Long Term", published by the IASB on 23 January 2020 in order to make the presentation of financial statements clearer pursuant to IAS 1 by classification of liabilities as short or long term, were published on 12 March 2020 by the Public Oversight, Accounting and Auditing Standards Authority entitled "Amendments to TAS 1 – Classification of Liabilities as Short or Long Term". This amendment brought clarity to additional statements relating to the classification of liabilities as long term, the management of which could be deferred by at least twelve months and other matters relating to the classification of liabilities.

The amendments to TAS 1 deal with the following matters:

a. In the classification of the obligations, it should be clearly stated that the right of the enterprise to defer the liability should exist at the end of the reporting period.
b. Stating the expectations and objectives of the business management regarding the use of the right to defer the liability will not affect the long-term classification of the liability.
c. Clarifying how the borrowing conditions of the business will affect the classification in question.
d. Clarifying provisions regarding the classification of liabilities that the business can pay with its own equity instruments.

The company is required to apply these changes retrospectively as of reporting periods starting on or after 1 January 2022. However, early application is permitted. Finally, by way of the IAS 1 amendment issued on 15 July 2020 by the IASB, it was decided that the date of entry into force of the amendment would be deferred to 1 January 2023, and the amendment in question was issued by the Public Oversight, Accounting and Auditing Standards Authority on 15 January 2021.

The implementation of this amendment to IAS 1 is not expected to have a significant effect on the Group's consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments made to TAS 12 Income Taxes

An amendment to "Deferred Tax related to Assets and Liabilities Arising from a Single Transaction" in TAS 12 Income Taxes was made by the IASB in May 2021. The amendments in question were also published by the KGK on 27 August 2021 by way of Amendments to TAS 12.

These amendments to TAS 12 Income Taxes clarify how companies should account for deferred tax on certain transactions, e.g. leases and decommissioning provisions (dismantling, restoring to former state, restoration etc.). Under the amendment, the scope of the initial recognition exemption is narrowed such that it is deemed non-applicable to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The amendments clarify that the exemption does not apply to transactions such as leases and decommissioning obligations. These transactions give rise to equal and offsetting temporary differences.

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to previous period retained earnings or other components of equity. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

The amendments in question apply to reporting periods starting on or after 1 January 2023 and earlier application is permitted.

The implementation of this amendment to TAS 12 is not expected to have a significant effect on the Group's financial statements.

Definition of Accounting Estimates (Amendments to TAS 8)

The amendments in question issued by the IASB on 12 February 2021 introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments in question were also published by the KGK on 11 August 2021 by way of Amendments to TAS 8.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments, and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments in question are effective for reporting periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The implementation of this amendment to TAS 8 is not expected to have a significant effect on the Group's financial statements.

Disclosure of Accounting Policies (Amendments to TAS 1)

On 12 February 2021, the IASB issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements with the aim of helping companies provide useful accounting policy disclosures. These amendments were also published by the KGK on 11 August 2021 by way of Amendments to TAS 1.

The key amendments to TAS 1 include:

- requiring companies to disclose their material accounting policies instead of their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are effective from 1 January 2023 but companies may apply them earlier. Application of this amendment made to IAS 1 Presentation of Financial Statements is not expected to have a significant effect on the Group's financial statements.

Annual Improvements/2018-2020 Cycle

IFRS Improvements

The "TFRS Annual Improvements/2018-2020 Cycle" which was issued on 27 July 2020 by the Public Oversight, Accounting and Auditing Standards Authority for standards in force is set out below. These amendments become valid as of 1 January 2022, and early application is permitted. The implementation of this amendment to TAS is not expected to have a significant effect on the Group's consolidated financial statements.

TFRS 1- First-time adoption of Turkish Financial Reporting Standards

This amendment facilitates implementation of TFRS 1 in the event that a subsidiary partner starts to apply the TFRS after its parent. For example: In the event that a subsidiary partner starts to apply the TFRSs after its parent, it may, exercising the concession in paragraph D16(a) of TFRS 1, select to measure cumulative foreign currency translation differences using the amounts included on its parent's consolidated financial statements, based on the dates of the parent's transition to the TFRSs. This amendment will facilitate transition to TFRSs when this concession is voluntarily applied for subsidiary partners because it will i) reduce unnecessary costs, and ii) remove the need for similar simultaneous record keeping.

TFRS 9, "Financial Instruments":

This amendment, for the purpose of performing the "10% test" for derecognition of financial liabilities, clarifies that in determining the fees received on the net amount by deducting the fees paid for these transactions, the fees to be considered are only the debtors' and lenders', as well as fees paid or received between them or reciprocally on their behalf.

Amendments in force that have started to apply

Amendments that have entered into force for accounting terms starting on 1 January 2021 and later are as follows:

1) Indicative Interest Rate Reform – Phase 2 (TFRS 9 Financial Vehicles, TMS 39 Financial Vehicles: Accounting and Measurement, TFRS 7 Financial Vehicles: Commentary: Amendments made to TFRS 4 Insurance Contracts and TFRS 16 Leases Yapılan Değişiklikler)

2.3 Changes in Accounting Policies

The applied valuation principles and accounting policies have been set out consistently in all the information presented. The Group recognizes, measures and presents transactions, other events and situations of similar nature on a consistent basis in the financial statements. Material changes in accounting policies or material accounting errors are applied retrospectively by restating the consolidated financial statements of the prior period. As of 31 December 2021, the Group has no changes in accounting policies.

2.4 Changes in Accounting Estimates and Errors

Changes in accounting policies arising from the first-time adoption of a new standard are applied retroactively and prospectively in compliance with transitional provisions, if any. Changes in which no transitional provision is included are adopted with the retroactive application of major voluntary changes made to accounting policies or major accounting errors that are detected, and financial statements for previous periods are revised. The changes in accounting estimates affecting only one period are applied in the current period where the changes have been made, and the changes in accounting estimates affecting the periods are applied in the current period and future periods prospectively.

2.5 Comparative information

To enable the determination of the financial position and performance trends, the Group's consolidated statement of financial position as of 31 December 2021 has been prepared in comparison with the consolidated statement of financial position as of 31 December 2020; and the consolidated statement of profit and loss and other comprehensive income for the period and other comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flow for the accounting period ended 31 December 2021, have been prepared in comparison with the consolidated statement of profit and loss and other comprehensive income for the period and other comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flow for the accounting period ended 31 December 2020.

2.6 Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items having similar basics and function. When the nature of transactions and events necessitate offsetting, presentation of these transactions and events based on their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of non-offsetting.

2.7 Summary of Significant Accounting Policies

The significant accounting policies and valuation principles used in the preparation of the consolidated financial statements are summarized below.

2.7.1 Revenue

The Group records revenue in financial statements when or as a contracted good or service is transferred to its customer and the performance obligation is satisfied. When (or as) control of an asset passes to the customer, the asset is transferred.

The Group records revenue in financial statements in accordance with the principles listed below:

a) Identification of contracts with customers,

b) Identification of the performance obligations in the contract,

c) Determination of the transaction price in the contract,

d) Allocation of the transaction price to the performance obligations in the contract,

e) Recognition of revenue when (or as) each performance obligation is satisfied.

According to this model, first the goods or services promised under each contract made with customers are assessed and each promise relating to the transfer of the said goods or services is identified as being a separate performance obligation. The performance obligation is then identified as either being satisfied over time or at a point in time. If the Group passes control of a good or service over time and thus satisfies the performance obligation in respect of the sales in question over time, it measures progress towards complete satisfaction of the performance obligation in question and recognizes revenue in financial statements over time. Revenue in respect of obligations for performance having the nature of a promise to transfer goods or services is recognized when control of the goods or services passes to the customer.

The group recognizes a contract made with a customer as revenue if the following conditions are fully satisfied:

a) The parties have approved the contract (in writing, orally or in conformity with other commercial practices) and have promised to render their own performances,

b) The Group can identify each party's rights in relation to the goods or services to be transferred,

c) The Group can identify the payment terms for the goods or services to be transferred,

d) The contract has commercial substance,

e) The Group will probably collect the consideration for the goods or services. In assessing the likelihood that consideration will be collected, attention is given purely to the customer's ability to pay this consideration on time and its intentions in this regard.

Revenue originating from product sales

The Group chiefly obtains revenue from the sale of ready-mixed concrete and bulk and bagged cement. Revenue is recognized once control of products passes to the customer.

In determining whether the control of goods and services sold has passed to the customer, the Group takes note of the criteria of,

- having a right to payment for the good
- the customer's having legal title to the good
- transfer of physical possession of the good
- possession of the significant risks and rewards related to the ownership of the good
- the customer's having accepted the good.

Revenue originating from sales of services

The Group obtains revenue from waste management service. Revenue is recognized on completion of the service. Waste management service revenue is recognized the moment waste is disposed of or taken into the sanitary storage section. Apart from the above-mentioned performance obligations, the Group has no additional performance obligation to its customers.

In assessing whether the control of goods and services sold has passed to the customer, the Group takes note of the criteria of:

- having a right to payment for the good or service
- the customer's having legal title to the good or service
- transfer of physical possession of the good
- possession of the significant risks and rewards related to the ownership of the good
- the customer's having accepted the good or service.

For each performance obligation, the Group identifies whether the performance obligation was satisfied on time at the outset of the contract or the performance obligation was satisfied at a certain point in time. The Group recognizes revenue originating from product sales in its financial statements following the passing of control to the customer.

The Group, on becoming entitled to collect consideration from its customers directly corresponding to the value for the customer of the completed performance, recognizes revenue up to amount it is entitled to invoice for in its financial statements.

If the Group expects to refund the customer with a portion or all of the proceeds collected from the customer, it records an obligation to refund in financial statements. The obligation to refund is calculated as the portion of the proceeds that the entity has collected (or will collect) to which it does not expect to be entitled. The obligation to refund is updated at the end of each reporting period to take account of changed circumstances.

2.7.2 Financial assets

Classification and measurement

The Group recognizes financial assets as financial assets recognized at amortized cost, assets whose fair value difference is recognized in other comprehensive income and financial assets whose fair value difference is recognized in profit or loss. Classification is made on the basis of the business model objective for financial assets and expected cash flows. Management makes classification of financial assets on their acquisition date.

Financial assets recognized at amortized cost

Management classifies as financial assets recognized at amortized cost financial assets where the business model adopted is to hold the financial asset to collect the contractual cash flows and the contractual terms give rise on specified dates solely to payments of principal and interest on the principal amount outstanding and which are not traded on an active market and are not derivatives. Assets that have less than twelve months to maturity as of the balance sheet date are classified as current assets, while those having more than twelve months to maturity are classified as non-current assets. Assets recognized at amortized cost are included within "trade receivables", "cash and cash equivalents" and "other receivables" on the balance sheet.

Impairment

Since trade receivables recognized at amortized cost included in financial statements have no material financial component, the Group has elected to employ the simplified procedure for calculating impairment and employs the provision approach. By means of this approach, where trade receivables have not for various reasons become impaired, the Group measures the expected credit loss allowance at an amount equal to lifetime expected credit losses. In calculating the expected credit loss, as well as past credit loss experiences, the Group's future-orientated forecasts are taken into account.

2.7.3 Lease transactions

At the start of a contract, the Group assesses whether the contract constitutes a lease or contains a leasing transaction. If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, this contract constitutes or contains a lease. In order to assess whether a contract conveys the right to control an identified asset, the Group uses the definition of lease in TFRS 16.

(i) As lessee

On the date the lease actively commences or the contract containing the lease component is amended, the Group shares each lease into components taking as a basis the proportional price of each rental component and the total price each of components that are not lease components in nature.

The group has chosen not to separate the components that are not lease components in nature from the lease components, but instead to account for each lease component and their related non-lease components as single lease components.

The Group recognizes a right of use asset and a lease liability in its financial statements on the date the lease effectively commences. The initial measurement of the right-of-use asset and liability consists of the amount obtained by deducting all lease incentives received from all lease payments made on or before the actual commencement of the lease, all initial direct costs and all estimated future costs with regard to stripping and removal of the asset, restoration of the area in which it is placed, or restoration to bring the underlying asset into the condition required by the terms and conditions of the lease.

If the cost of the lease transaction, or the cost of assigning ownership of the underlying asset to the lessee at the end of the lease period or the cost of the right of use asset indicates that the lessee will exercise a purchase option, it will be subject to depreciation from the date the right of use asset lease actually commences to the end of the useful life of the underlying asset. Otherwise the right of use asset will be subject to depreciation starting as of the date the lease effectively commences until the end of the useful life of the asset in question or the lease, whichever is the shorter. In addition, the value of the right-of-use asset is periodically reduced by deducting any impairment losses, if any, and adjusted in line with the remeasurement of the lease liability.

At the actual start of the lease, the lease obligation is measured at the present value of the lease payments not paid at that time. If the interest rate implied on the lease can easily be determined, lease payments are discounted using this rate. If the implicit interest rate cannot easily be determined, using the Group's incremental borrowing rate.

The Group determines the alternative borrowing interest rate by taking into account the interest rates it will pay for its borrowings from various external financing sources and makes some adjustments to reflect the lease terms and the type of asset leased.

Lease payments included in the measure of lease liability comprise the following:

- Fixed payments (including fixed payments in essence);
- Variable lease payments based on an index or rate, whose initial measurement is made using an index or rate at the time the lease actually commences, or
- Sums expected to be paid by the lessee within the scope of residual value guarantees;
- In case of reasonable certainty that the purchase option will be used, if the exercise price and the lease term of this option indicate that the Group will use an option to terminate the lease, penalty payments regarding the termination of the lease.

In the comparative period, the Group classified leases to which all risks and benefits arising from owning an asset as a lessee are transferred, as financial leases. In this case, at the beginning of the lease contract of the leased asset, it accounts for the lower of the fair value or the present value of the minimum lease payments. Minimum lease payments are payments which must be made throughout the duration of the lease period, excluding conditional leases. After initial accounting, assets will be accounted for in accordance with the accounting policy applying to the asset concerned.

Leases where the risk and benefits in full arising from taking ownership of an asset are not transferred will be classified as operating leases and will not be accounted for on the financial statement. Lease payments made within the scope of operating lease are accounted for as expenses in the statement of profit or loss linearly throughout the lease term. Lease incentives received are recognized as an integral part of the total lease expense during the lease term.

(ii) As lessor

When in the position of lessor the Group will decide at the commencement of the lease period whether the lease is an operating lease or a financial lease.

In order to classify each lease, the Group will make a general assessment as to whether or not all risks and benefits associated with ownership of the asset forming the basis of the lease are transferred. If the risk and returns are assigned, the lease is a financial lease; if not, it is an operational lease. As a part of this assessment, the Group will consider factors such as whether an asset being leased for a short term comprises a large part of its economic life.

2.7.4 Capital

Ordinary shares are classified as capital. Dividends distributed on ordinary shares are recorded by being deducted from accumulated profits during the period in which they are declared. Dividends received are recorded as income on the date the right to receive payment arises.

2.7.5 Tangible Assets

Tangible assets have been reflected in financial statements at acquisition cost, with accumulated depreciation and, if applicable, impairment until the balance sheet date deducted. Cost includes the expenditures that are directly undertaken during the acquisition of the asset and attributable to the acquisition. Gains or losses on disposals of tangible assets are included in the relevant income and expense accounts and the cost and accumulated depreciation of tangible assets is written off from the relevant accounts as appropriate. When parts of tangible assets have different useful lives, they are accounted for as separate items of the tangible assets.

Subsequent costs

Maintenance and repair costs are charged to the profit or loss and other comprehensive income for the period in which they are incurred. The Company derives its carrying values from the statement of financial position regardless of whether or not parts that are changed in the direction of the respective revisions are depreciated independently of the other parts. Major renewals are subject to depreciation based on the remaining life of the related tangible asset or the economic life of the renewal itself, whichever is shorter.

Expenditures after capitalization are added to the cost of the asset if it is highly probable that future economic benefits will be realized and the cost of the related expenditure is reliably measured, or reflected on the financial statements as a separate asset. Under conditions indicating that their carried values may be higher than their recoverable values, tangible assets are checked for impairment. To determine impairment, assets are grouped at the lowest level, which are the cash-generating units (cash-generating unit). If the carrying value of an item of property, plant or equipment is greater than its estimated realizable value, a provision is set aside and the book value is reduced to its realizable value. The realizable value is the higher of the value in use of the tangible asset or the net selling price after deducting the costs to sell the asset.

Depreciation

Depreciation on tangible assets is performed on a straight line basis according to their useful lives from the date of recognition or assembly of the related assets. Leasehold improvements are subject to depreciation on a straight line basis according to the shortest between their lease period and their useful lives. Land and plots are not subject to depreciation.

Estimated useful lives of property, plant and equipment are as follows:

Buildings and land improvements	5-50 years
Machinery, installations, and devices	4-25 years
Motor vehicles	2-10 years
Furniture and fixtures	3-20 years
Other intangible assets	2-10 years
Leasehold improvements	5-20 years

The depreciation method, useful lives and depreciated costs of the tangible assets are reviewed at every reporting period.

2.7.6 Intangible Assets

Intangible fixed assets are presented in financial statements at cost value, with accumulated amortization and impairment deducted. In case of impairment, the book value of intangible assets is reduced to its recoverable value.

Amortization

Amortization is calculated on a straight-line basis over the estimated useful lives of the items and is generally recognized in profit or loss after deducting the residual value of intangible asset items from their costs. Goodwill is not subject to amortization.

Estimated useful lives of intangible assets are as follows:

Rights	4-20 years
Other intangible assets	3-20 years

The amortization method, useful lives and residual values of intangible assets are reviewed at each reporting date.

2.7.7 Investment properties

If not being used for the production of goods or services or for administrative purposes, or for the purpose of obtaining rent, or for the purpose of value gain, or both, or not being sold during the normal course of operations, the property is classified as investment property. As of 31 December 2021, investment properties are valued by the independent professional valuation company Vakıf Gayrimenkul Değerleme A.Ş. and the fair value determined in the valuation studies carried out by the Company has been reflected in the financial statements. Gains or losses arising from changes in fair value are recognized in the consolidated profit or loss and other comprehensive income.

2.7.8 Inventories

The values of the inventories are based on the cost or net realizable value, whichever is lower. The inventories are based on the weighted average cost basis. The cost of the inventories includes incurred in acquiring the inventories, conversion costs and other costs incurred in bringing them to their existing location and condition. Cost of finished goods includes overhead costs to a reasonable extent in accordance with normal production capacity. Net realizable value is the amount acquired by deducting the sum of the estimated completion cost, necessary to realize the sales from the estimated sales price in the course of business.

2.7.9 Impairment of assets

Non-financial assets

In each reporting period the Group reviews the carrying values of non-financial assets (excluding investment properties, stocks, contractual assets and deferred tax assets) to determine whether there are any signs of impairment. If any such indication exists, then the recoverable amount of the asset is estimated. Goodwill shall be subject to an annual impairment test.

For the impairment test, assets are grouped according to the smallest asset group creating cash inflow, independent of continuous use, the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or CGU groups that are expected to benefit from the synergy of the combination.

The recoverable amount of an asset or CGU is the higher of its fair value less costs to sell and its value in use. Its value in use depends on estimated future cash flows reduced to present values using the pre-tax discount rate that reflects the time value of money and current market values of risks peculiar to the asset or CGU.

If an asset or CGU's recoverable amount is lower than its carrying amount, the carrying amount of the asset or CGU in question comes down to the recoverable amount.

Impairment losses will be accounted for in profit or loss. First the carrying amount of any goodwill apportioned to the CGU will be reduced, then a reduction transaction will be carried out at the carrying amount rate of other assets in the CGU.

2.7.10 Employee benefits

(i) Short-term benefits for employees

Short-term benefits for employees are recognized as expenses as long as the relevant service is rendered.

A liability is recognized for the amounts that arise from the Group's legal and constructive obligation at the end of previous services of its employees and which it is obliged to pay and which are anticipated to be paid in cases where this liability can reliably be estimated.

(ii) Long-term benefits for employees

Provision for severance pay represents the present value of the Company's estimated total future obligations arising from the retirement of the employees in accordance with Turkish Labour Law. In accordance with the applicable social legislation and Turkish Labour Law in Turkey; The Company is obliged to pay severance pay collectively to all employees who have completed at least one year of service upon termination or retirement, except for voluntary termination or dismissal due to improper conduct or who leave for retirement. The defined benefit obligation is reduced to net present value according to actuarial assumptions and reflected in the financial statements. Actuarial gains and losses arising from changes in the actuarial assumptions used in the measurement of the provision are reflected in the financial statements by being associated with the profit or loss and other comprehensive income.

2.7.11 Provisions, contingent liabilities and contingent assets

The Group recognizes a provision equivalent to the liability in the accompanying financial statements where the Group has a legal and constructive obligation resulting from previous events, an outflow of the resources including economic benefits from the entity is probable, and the liability can be estimated reliably.

Contingent liabilities are continuously reviewed to determine whether there is a possibility for the outflow of resources including economic benefits from the entity will be required to settle the obligation. Such contingent liabilities are disclosed to the financial statements, except for the situations where the potential for the outflow of resources and economic benefits from the entity is remote.

If an economic benefit to the entity is available, explanations are included in the notes to the financial statements about the contingent asset. If an economic benefit is certain, the asset and its related income changes are included in the financial statements at the time when they have occurred.
Environmental liabilities comprising environmental rehabilitation, quarry site rehabilitation and infilling and landfill site disposal have been estimated by the Company in line with plans formulated in view of statutory regulations, technological possibilities and management's best estimates. Estimated environmental liabilities are sensitive to changes in applicable interest rates as well as changes in environmental rehabilitation plans and costs that may ensue from deviations in estimated proven and probable reserves from the projected production plan or in disposal obligations from manners of use and physical conditions. It is estimated that the Company's liabilities in respect of environmental rehabilitation, quarry site rehabilitation and infilling and landfill site disposal will arise on expiry of quarry site operating licences and also in the case of landfill site disposal when stipulated capacities are reached or statutory regulations so require.

2.7.12 Financial income and expenses

Financial income consists of interest income on time deposits and exchange differences arising from financing activities. Financial expenses consist for the most part of interest expenses on loans, exchange difference and bank commission expenses.

2.7.13 Taxes estimated on company profit

Income tax expense consists of the sum of the period tax and deferred tax. Income tax is recognized in profit or loss other than those attributable to business combinations or directly to shareholders' equity or other comprehensive income.

(i) Current period tax

Tax expense for the period includes the current period tax expense and the deferred tax expense (Note 28). Tax for the period and the deferred tax are recognized as income or expense in the statement of consolidated comprehensive income for the period, provided that the tax is not related to a transaction that is recognized directly under shareholders' equity (in this case, it will be recognized in the shareholders' equity).
Adjustment records related to tax liabilities in prior years are accounted for under the other operating expenses item. The current period tax expense is calculated in accordance with the tax laws that are in effect or highly likely to be in effect in the countries where subsidiaries operate. If the current tax law is open to interpretation, the management will periodically asses the tax statement, and when it deems necessary, set aside a provision for the debts to be paid to the tax authorities.

(ii) Deferred Tax

Deferred tax is calculated by using the liability method based on the temporary differences between what is stated in the subsidiaries' financial statements and in the relevant legal tax assessment account for the assets and liabilities. However, in the case that assets and liabilities with no effect on the commerce or on the profits or loss are entered in the financial statements for the first time, except for company mergers, the deferred tax assets or liabilities will not be entered in the financial statements. Deferred tax assets and liabilities are calculated based on the tax rates expected to be applied on the period when the tax assets or liability will be realized, by taking into consideration the tax rates and the tax legislation that were in effect or had entered into effect as of the date of statement of financial position.
Deferred tax liability is calculated for all taxable temporary differences, whereas deferred tax asset is entered in the consolidated financial statements, provided that it is highly possible to take advantage of the deductible temporary differences to earn taxable profits in the future.

Deferred tax liability that is calculated based on the temporary differences arising from the subsidiaries is shown in the consolidated financial statements, except for when the Group controls the timing of the cancellation of that temporary difference and the temporary difference cannot be cancelled in the foreseeable future. Deferred tax asset and liability with regard to income tax is tracked by the same tax authority; as such, deferred tax asset and liability for each company is mutually offset. As a result, the deferred tax position of the parent company and each subsidiary is offset in the consolidated financial statement.

(iii) Tax Exposures

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Many related transactions and calculations, the effects of which on the final tax amount cannot be determined, are made during the normal course of business and such cases require the use of significant judgement in determining the provision for income tax. The Group records estimated additional tax liabilities as a consequence of tax related events. The Group recorded a part of the deferred tax receivables that arose from the transferred financial losses, which belong to certain subsidiaries and may be of use in the coming periods, due to the strong probability that such assets may be utilized in the future (Note 28). Where the ultimate tax consequences arising from these items differ from those initially recorded, these differences could affect income tax provision and deferred tax liabilities in the periods in which they were set.

2.7.14 Earnings / (loss) per share

Earnings/ (losses) per share disclosed in the consolidated statement of profit or loss and other comprehensive income are determined by dividing net period profit/(loss) by the weighted average number of shares that have been outstanding during the related period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to their current shareholders from retained profits. Distribution of such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. Accordingly, the weighted average number of shares used in these computations is determined considering the retrospective effects of the share certificate issues.

2.7.15 Subsequent events

Subsequent events represent the events that occur against or on behalf of the Group between the reporting date when the financial statements are prepared and the date when the consolidated statement of financial position was authorized for the issue. The Group corrects its financial statements in accordance with situations if new evidence indicates that during the end of the period when the financial statements were prepared that these events were already present or in the event that such events arose after this date and that they require correction of the financial statements. If such events do not require restating the financial statements, the Group shall disclose such events in the related notes.

2.7.16 Dividends

Dividends distributed on the ordinary shares are offset and recognized with retained earnings in the period in which they are declared.

2.7.17 Statement of cash flows

In the cash flow statement, cash flows are classified and reported as operating, investing and financing activities. Cash flows result in cash flows resulting from the Group's operations. The Group presents operating cash flows in accordance with the defined method of defining cash flows, income expense accruals or deferrals related to previous transactions.

Cash flows from investing activities represent the cash flows used in / provided from investing activities by the Group (tangible and intangible asset investments) and the cash flows acquired from these activities.

Cash flows from financing activities represent the funds used in financing activities by the Group and repayment of these funds.

2.7.18 Goodwill

A company merger involves joining two separate businesses or business operations to form a distinct reporting unit. Mergers between entities which are not under common control are accounted using the purchase method within the scope of IFRS 3 "Business Combinations".

The excess of the consideration transferred on the purchasing cost undertaken, the fair value of the identifiable assets, liabilities and contingent liabilities acquired by the acquirers at the time of the purchase is reported as goodwill.

In business combinations, tangible assets, intangible assets and / or contingent liabilities which are not included in the financial statements of the purchased company but which qualify for separate recognition from goodwill are recognized in the financial statements at fair value as long as their fair value can be measured reliably. Goodwill amounts which are recognized in the financial statements of the purchased company cannot be measured as an identifiable asset. Goodwill is allocated to the smallest cash generating units, which can be followed for management's internal reporting purposes for impairment testing.

Goodwill impairment test are performed every year on the same date and if any indication related to impairment of goodwill is detected, then impairment tests are repeated more frequently. An impairment loss for goodwill is not reversed. Bargain purchase effect is recognized directly in profit or loss.

2.7.19 Borrowing costs and loans received

Bank borrowings are initially recognized with their amount at the date received, less any transaction cost. Subsequently, bank borrowings are reflected at their discounted cost using the effective interest method. The difference, between the amount from which the transaction costs are deducted and the discounted cost amount, is recognized as financial expense in the consolidated statement of comprehensive income during the loan period. The financial expense that occurs resulting from the received loans is reported in the consolidated statement of profit or loss and other comprehensive income. If the maturity of the loans is less than 12 months as of balance sheet date, it is shown in the short term liabilities; if the maturity of the loans is more than 12 months as of balance sheet date, it is shown in the long term liabilities.

2.7.20 Related parties

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 important influence over the reporting entity,
- **iii)** Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) If any of the following conditions apply, the entity is deemed related to the Group:

- **i)** The entity and the reporting entity are members of the same group,
- **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 of the entities is a joint venture of a third entity and the other entity is an associate of the third entity,
v) The entity has benefit plans available upon termination of employment for the employees of the Group or of a business with connection to the Group (If the Group itself has such a plan, then sponsoring employers are connected to the Group as well),
vi) Controlled or jointly controlled by a person described in article (a) of the entity,
vii) A person described in article (a)(i) has important influence on the entity or is a key executive of the entity (or of the parent company of the entity).

Related-party transactions and related-party balances have been presented in Note 5.

2.7.21 Reciprocal shareholding share purchase

Reciprocal shareholdings have been recorded and shown in consolidated financial statements deducted from paid-in capital. The number of weighted average treasury stocks is deducted from the number of current shares in calculation of the earning / (loss) per share.

2.7.22 Financial Instruments

(i) Accounting and initial measurement

The company records trade receivables and debt instruments on the date of occurrence. The Company recognizes all other financial assets and liabilities only on the date of transaction when the relevant financial instrument is a party to the contractual conditions.

In the initial measurement of financial assets (other than trade receivables that do not have a significant financing component) and financial liabilities other than those whose fair value changes are reflected in profit or loss, transaction costs that can be directly associated with their acquisition or issue are also measured by being added to the fair value. Trade receivables that do not have a significant financing component are measured at initial accounting on the transaction price.

(ii) Classification and subsequent measurement

When first included in the financial statements, a financial instrument is classified in the specified way: those measured at amortized cost; those measured at fair value through other comprehensive income - investments in debt instruments, those measured at fair value through other comprehensive income - investments in equity instruments or those measured at fair value through profit or loss.

After the financial instruments are recognized for the first time, they are not reclassified unless the Company changes the operating model used for the management of financial assets.

Financial assets are not reclassified after initial recognition unless the Company changes its operating model to manage financial assets. In this case, all affected financial assets are reclassified on the first day of the first reporting period following the change in operating model.

A financial asset is measured at amortized cost if both of the following conditions are met and it is not classified as measured at fair value through profit or loss:

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

All financial assets that are not measured at amortized cost specified above or at fair value through other comprehensive income are measured at fair value through profit or loss. These include all derivative financial assets. When financial assets are included in the financial statements for the first time, the change in fair value of a financial asset is irreversibly recognisable as profit or loss, provided that it eliminates or significantly reduces any accounting inconsistency arising from the measurement of financial assets in a different way, and the related gains or losses are included in the financial statements differently.

Financial assets – Profit or loss arising from subsequent measurement

Financial instruments measured at fair value through profit and loss	These assets are measured at their fair value l at subsequent measurements. Net gains and losses, including any interest or dividend income, are accounted for in profit or loss.
Financial assets measured at amortized cost	These assets are measured at amortized cost using the interest method in effect at their subsequent measurements. Amortized costs are reduced by the amount of impairment losses, if any. Interest income, foreign currency gains and losses and impairments are accounted for in profit or loss. Gains or losses arising from these being omitted from statements of financial position are accounted for as profit or loss.
Equity instruments at fair value through other comprehensive income	These assets are measured at their fair value in subsequent periods. Dividends are recognized in profit or loss unless expressly recovering part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are not reclassified to profit or loss.

Financial liabilities – Classification, subsequent measuring and profit and loss

Financial liabilities are classified as measured at amortized cost and at fair value through profit or loss.
A financial liability is classified as at fair value through profit or loss if it meets the definition of held for trading. A financial liability is classified as a financial liability held for trading if it is a derivative instrument or if it is defined in this way at the time of first registration. Financial liabilities at fair value reflected in profit or loss are measured at their fair value and net gains and losses, including interest expenses, are recognized in profit or loss. Other financial liabilities are measured by deducting impairment from the amortized cost values of future principal and interest cash flows at effective interest rates, following their initial recording. Interest expenses and exchange differences are recognized in profit or loss. Gains or losses arising from the derecognition of these liabilities are recognized in profit or loss.

(iii) Derecognition

Financial assets

When the contractual rights to cash flows related to financial assets expire or when the Group substantially transfers the ownership of all risks and returns arising from the ownership of this financial asset, or when the company has neither significantly transferred nor retains substantially all risks and benefits arising from the ownership of this financial asset, it derecognizes the financial asset in question if it does not continue to have control over the financial asset.
In the event that the Group continues to substantially retain all risks and benefits arising from the ownership of a financial asset, it continues to record the relevant financial asset in the statement of financial position.

Financial liabilities

The Group excludes a financial liability from the statement of financial position only when the liability for the relevant liability is removed or cancelled. In addition, in the event of a significant change in the conditions or cash flows of an existing financial liability, the Group deducts a financial liability from the statement of financial position. Instead, it requires a new financial liability to be recognized at fair value based on the modified terms. In derecognizing a financial liability, the difference between the book value and the amount paid for this liability (including any non-cash assets transferred or any liability assumed) is recognized as profit or loss in the financial statements.

(iv) Offsetting financial assets and liabilities

The Group offsets its financial assets and liabilities and reports the net amount in the financial statements purely and simply when it has a legal right to offset the amounts and intends either to conduct the transaction on a net basis or to realize the asset and settle the liability simultaneously.

2.7.23 Going concern

The Group has prepared its consolidated financial statements based on the going concern principle.

2.8 Significant Accounting Evaluations, Estimates and Assumptions

The preparation of consolidated financial statements requires the use of estimates and assumptions that could affect the amounts of assets and liabilities reported at the date of statement of financial position, the explanations of contingent assets and liabilities and the amounts of income and expenses reported during the accounting period. Although these estimates and assumptions are based on the Group management's best knowledge of current events and transactions, actual results may differ from these assumptions. The Group's important accounting projections and forecasts:

2.8.1 Goodwill impairment test

Within the scope of provisions under the "Impairment of Assets" standard ("TAS 36") published by the Public Oversight Board, the Group is conducting impairment tests into the estimates and assumptions used to a significant extent with regard to the amounts of goodwill ensuing from the acquisitions of Lalapaşa and Elazığ Çimento, Süreko and NWM Holding. The Group completed the impairment tests regarding the goodwill on 31 December 2021 (Note 16). No impairment has been found.

2.8.2 Fair value measurements of investment property

As of 31 December 2021, investment properties are valued by the independent professional valuation company Vakıf Gayrimenkul Değerleme A.Ş. and the fair values determined in the valuation studies carried out by the Company has been reflected in the financial statements. The peer comparison model is used in fair value determinations for land and plots and buildings and details of the method and assumptions involved are as follows:

- An assessment of the most effective and efficient use was made in fair value calculations.
- In the benchmarking method, the existing market information was utilized, similar real estate that recently came on the market were taken into account, sales discounts were applied in relation to the criteria that could affect the market value and a price adjustment has been made to establish an average square metre price. The similar identified real estates were compared with respect to criteria such as location, visibility, size, infrastructure facilities, construction styles, construction permits and features, physical characteristics, discussions were held with real estate brokers for a current evaluation of the real estate market, going rates in the construction market were looked at and information was shared with independent professional valuation firms. The valuation technique used in measuring the fair value of investment properties is the market value approach based on similar property sales in the neighbourhoods of the specified property.
- In the project development method, the fair value of the immovable property was appraised with reference to per square metre construction costs in conjunction with per square metre sales values arrived at on a flat for land or build and sell basis of peers located in the vicinity.

The values that may materialize during the realization of the purchase / sale transactions may differ from these values.

2.8.3 Trade receivables and impairment

In assessing the recoverability of the trade receivables in question, Group management considers collateral obtained from customers, past collection performance, maturity analyses and disputes or lawsuits over the receivables. Once these assessments result in the identification of doubtful receivables, the method for determining the amounts of provision set aside for such receivables also involves assumptions and estimates.

2.9 Statement of compliance with the TFRS and the principles published by the UPS

The Group management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS issued by the POA and using the principles of the POA. As the Group management, we declare that the financial statements of the current and previous years and the summary of the significant accounting policies and the Notes are prepared in accordance with TFRS.

3. BUSINESS COMBINATIONS

On 23 November 2021, Çimentaș took transfer of 100% of the shares in Ege Kırmataș Madencilik İnșaat Lojistik Sanayi ve Ticaret Anonim Șirketi ("Ege Kırmataș"), which is engaged in the manufacture and sale of aggregates, for the consideration of TL 50.270 thousand corresponding to USD 4.500 thousand. The consideration was determined free of all debts, obligations and receivables. The "Net Debt Amount at Completion" of Ege Kırmataș on the date of the share acquisition was calculated to be TL 4.776 thousand and the amount in question was also paid in cash.

The acquisition-date values of the assets and liabilities resulting from the acquisition are as follows:

	23 November 2021
Cash and Cash Equivalents	1.502
Trade Receivables	4.823
Prepaid expenses	68
Other receivables	42
Tangible assets	1.882
Intangible assets	59.234
- Aggregate licences	*59.226*
- Other	*8*
Trade payables	(63)
Debts related to employee benefits	(12)
Current income tax liability	(580)
Short-terms provisions	(311)
Other short-term liabilities	(295)
Deferred tax liability	(11.925)
Net assets acquired	**54.365**

The goodwill arising from the acquisition is recognized as follows:

	Note	
Total acquisition consideration		55.046
Fair value of the net assets acquired		(54.365)
Goodwill	**16**	**681**

The goodwill is in general attributable to the ensuing synergy with the cement and concrete business lines thanks to the aggregate reserves acquired with the aggregate licences Ege Kırmataș possesses.

4. SEGMENT REPORTING

There are three reportable operation areas that contain the information that is used to assess the Group administration's performance and decide on resource allocation. These strategic reportable segments are reviewed periodically by the Group's decision-making authority in accordance with their performances and resource allocations since they are affected by different economic conditions and different geographical positions.

The Group's main segments are cement, aggregate, ready-mixed concrete and waste management. There is fuel oil sale service and fly ash production under the other group, which do not meet the reportable unit criteria.

1 January - 31 December 2021	Cement	Aggregate	Ready-mixed Concrete	Waste management	Other	Elimination	Total
Revenue							
External Revenue	1.154.396	3.786	454.521	124.916	83.380	--	1.820.999
Intersegment revenue	167.793	16.465	22	3.380	39.640	(227.300)	--
Net sales	**1.322.189**	**20.251**	**454.543**	**128.296**	**123.020**	**(227.300)**	**1.820.999**
Cost of Sales	**(1.045.371)**	**(12.731)**	**(416.564)**	**(109.855)**	**(120.490)**	**204.053**	**(1.500.958)**
Gross profit	**276.818**	**7.520**	**37.979**	**18.441**	**2.530**	**(23.247)**	**320.041**
Interest income	8.045	--	111	17	5	(7.330)	848
Interest expense	(8.079)	--	(6.170)	(9.155)	(68)	7.762	(15.710)
Depreciation and amortization expenses	37.761	19	26.001	18.281	144	(847)	81.359
Investment property value appreciation	244.030	--	2.175	--	--	--	246.205
Profit/ (loss) on sale of fixed assets	439	--	7	230	--	--	676
Tax income / (expense)	(14.906)	325	(658)	(291)	(285)	543	(15.272)
Net profit / (loss) for the period	213.919	(975)	2.381	(14.779)	700	(3.902)	197.344
Segments assets	2.966.099	10.357	255.388	406.033	24.132	(1.125.383)	2.536.626
Acquisitions of tangible and intangible assets	77.409	--	9.508	6.170	745	(263)	93.569
Segment liabilities	755.218	4.348	222.639	378.037	22.165	(268.696)	1.113.711

1 January - 31 December 2020	Cement	Aggregate	Ready-mixed Concrete	Waste management	Other	Elimination	Total
Revenue							
External Revenue	737.984	--	245.788	92.468	65.635	--	1.141.875
Intersegment revenue	87.807	--	--	4.254	23.528	(115.589)	--
Net sales	**825.791**	**--**	**245.788**	**96.722**	**89.163**	**(115.589)**	**1.141.875**
Cost of Sales	**(722.504)**	**--**	**(239.806)**	**(90.150)**	**(87.284)**	**108.758**	**(1.030.986)**
Gross profit	**103.287**	**--**	**5.982**	**6.572**	**1.879**	**(6.831)**	**110.889**
Interest income	8.891	--	145	265	1	(2.599)	6.703
Interest expense	(9.839)	--	(3.999)	(3.747)	(53)	3.738	(13.900)
Depreciation and amortization expenses	37.678	--	18.433	18.881	126	(682)	74.436
Investment property value appreciation	52.250	--	1.825	--	--	--	54.075
Profit/ (loss) on sale of fixed assets	885	--	124	(14.863)	(382)	--	(14.236)
Tax income / (expense)	3.412	--	3.328	(2.625)	(200)	1.108	5.023
Net profit / (loss) for the period	(4.673)	--	(13.306)	(38.150)	247	(528)	(56.410)
Segments assets	2.318.945	--	183.185	299.489	17.732	(1.029.193)	1.790.158
Acquisitions of tangible and intangible assets	25.687	--	3.374	3.885	9	--	32.955
Segment liabilities	413.874	--	152.569	231.623	15.503	(167.871)	645.698

5. RELATED PARTY DISCLOSURES

5.1 Short-term trade receivables from related parties

Short-term trade receivables from related parties as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Yapıtek Yapı Teknolojisi Sanayi ve Ticaret A.Ş. ("Yapıtek")	315	460
Çimentaş Education and Health Foundation ("Çimentaş Foundation")	4	2
Spartan Hive S.P.A. ("Spartan Hive")	--	8.621
	319	**9.083**

As of 31 December 2021, the average maturity of trade receivables from related parties is one month (31 December 2020: one month). No security had been obtained from related parties in respect of trade receivables and no delay interest invoices had been raised by the Group relating to trade receivables from related parties as of 31 December 2021 and 31 December 2020.

5.2 Other Short-Term Receivables from Related Parties

Short-term other receivables from related parties as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Aalborg Portland Espana	175	52
Yapıtek (*)	--	6.785
	175	**6.837**

(*) The entire amount as of 31 December 2020 consisted of a receivable in respect of a building plot sale the Group made to Yapıtek.

5.3 Short-Term Trade Payables Due to Related Parties

Short-term trade payables due to related parties as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Cementir Holding (*)	55.093	26.314
Aalborg Portland A/S ("Aalborg") (**)	9.966	7.080
Spartan Hive (***)	8.886	2.057
Alborg Portland Digital S.R.L ("Aalborg Digital") (****)	1.225	8.133
Aalborg Portland Holding (*****)	963	2.094
Çimentaş Foundation	379	355
	76.512	**46.033**

(*) As of 31 December 2021, the Group owes Cementir Holding TL 55.093 thousand, which arise from EUR 3.645 thousand of brand usage and consultancy service fees (31 December 2020: TL 26.314 thousand, or EUR 2.921 thousand).

(**) The Group's payable of TL 9.996 thousand to Aalborg as of 31 December 2021 is in respect of goods purchases (31 December 2020: TL 7.080 thousand).

(***) As of 31 December 2021 the Group owes Spartan Hive 8.886 thousand TL, which arise from EUR 588 thousand in raw material purchases (31 December 2020: TL 2.057 thousand, or EUR 228 thousand).

(****) As of 31 December 2021, the Group owes Aalborg Digital TL 1.225 thousand, which arise from EUR 81 thousand of IT consultancy service fees (31 December 2020: TL 8.133 thousand, or EUR 903 thousand).

(*****) As of 31 December 2021, the Group owes Aalborg Portland Holding TL 963 thousand, which arise from EUR 64 thousand of consultancy service fees (31 December 2020: TL 2.094 thousand, or EUR 233 thousand).

The average payment period of short term trade payables to the related parties is 2 months (31 December 2020: 2 months). As of 31 December 2021 and 31 December 2020, there are no guarantees given to related parties for trade payables and there are no late payment invoices issued to the Group for trade payables to related parties.

5.4 Other Short-Term Trade Payables Due to Related Parties

As of 31 December 2021 and 2020, other short-term payables to the related parties are as follows:

	31 December 2021	31 December 2020
Aalborg Portland Holding (*)	139.776	80.594
Aalborg Portland Espana (**)	15.180	--
Cementir Holding	76	--
Alfacem	--	74.766
	155.032	**155.360**

(*) The payable due as 31 December 2021 to Aalborg Portland Holding consists of the loan at the interest rate of 1,57% in the amount of GBP 7.780 thousand made to the Group by the said company.

(**) The Group's payable as of 31 December 2021 to Aalborg Portland Espana consists of the loan at the interest rate of 2% due on 20 April 2022 of 1.000 thousand euro taken from the said company along with interest in the amount of 4 thousand euro.

As of 31 December 2021 and 31 December 2020, there is no guarantee for other payables due to the related parties.

5.5 Goods and Service Sales to Related Parties

As of 31 December 2021 and 2020, goods and service sales to related parties are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Spartan Hive (*)	200.407	153.689
Yapıtek (**)	14.607	580
Çimentaş Foundation	28	24
	215.042	**154.293**

(*) All of the related amount is due to cement and clinker sales made to Spartan Hive.

(**) A TL 13.810 thousand portion of the sales of goods and services made to Yapıtek consists of sales of building plots and the remaining TL 797 thousand portion of ready-mixed concrete and fuel sales.

5.6 Goods and Service Purchases from Related Parties

As of 31 December 2021 and 2020, goods and service purchases from related parties are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Spartan Hive (*)	26.809	44.864
Cementir Holding (**)	21.353	13.613
Aalborg Portland Holding (***)	10.217	7.687
Aalborg (****)	8.340	6.795
Aalborg Digital (*****)	7.133	6.694
Çimentaş Foundation	1.100	811
	74.952	**80.464**

(*) All of this amount derives from the raw material and spare parts purchases made from Spartan Hive.

(**) All of this amount derives from brand usage fees.

(***) All of this amount derives from consultancy service fees for 2021 on the basis of the service contract signed with Aalborg Portland Holding valid as of 1 January 2020.

(****) Of this amount, TL 2.757 thousand derives from the consultancy services for 2021 with regard to the service contract signed with Aalborg to enter into effect on 1 January 2013, and the rest comes from purchases of goods. As of 31 December 2021, the said consultancy services consist of technical assistance consultancy and investment relations, organization, management and internal auditing services.

(*****)The amount in question consists entirely of IT consultancy service charges.

5.7 Financial expenses from related parties

Financing expenses from related parties as of 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Alfacem	1.851	2.802
Aalborg Portland Holding	1.318	1.148
Aalborg Portland Espana	173	--
	3.342	**3.950**

5.8 Senior manager benefits

Çimentaş Group's executives consist of directors and senior officers. The following benefits are provided to the executives between 31 December 2021 and 2020:

	1 January- 31 December 2021	1 January- 31 December 2020
Short-term benefits for employees	17.627	13.506
	17.627	**13.506**

6. CASH AND CASH EQUIVALENTS

As of 31 December 2021 and 2020, cash and cash equivalents are detailed as follows:

	31 December 2021	31 December 2020
Cash on hand	82	44
Cash at banks	83.805	77.496
Demand deposits	59.778	35.463
Turkish Lira	*11.309*	*4.342*
Foreign currency	*48.469*	*31.121*
Time deposits	24.027	42.033
Turkish Lira	*24.027*	*5.302*
Foreign currency	--	*36.731*
Other liquid assets (*)	6.020	2.702
Cash and Cash Equivalents	**89.907**	**80.242**

(*) As of 31 December 2021 and 2020, original maturity of other ready assets consists of credit card receivables shorter than three months.

Maturity of time deposits is within one month (31 December 2020: Within one month). As of 31 December 2021, foreign currency deposits are USD 3.030 thousand, EUR 530 thousand and GBP 5 thousand (31 December 2020: USD 9.208 thousand, EUR 23 thousand and GBP 5 thousand).

As of 31 December 2021 and 2020, the weighted average yearly effective interest rates of the time deposits of the related currencies are as follows:

	31 December 2021	31 December 2020
TL time deposits	26,17%	14,29%
USD time deposits	--	3,50%

As of 31 December 2021, the Group did not have any compensating deposit balance (31 December 2020: None). Credit risks of the banks that hold the Group's deposits are assessed based on independent data.
Interest rate risk, exchange rate risk and sensitivity analyses of the Group's financial assets and liabilities have been set out in Note 30.

7. FINANCIAL BORROWINGS

Financial liabilities as of 31 December 2021 and 2020:

	31 December 2021	31 December 2020
Short term bank borrowings		
Short-term unsecured bank loans (*)	72.700	--
Short-term portion of long-term borrowings from lease transactions	18.588	19.580
Total short term financial borrowings	**91.288**	**19.580**
Long term financial borrowings:		
Long-term portion of liabilities from lease transactions	14.979	8.522
Total long term financial borrowings	**14.979**	**8.522**
Total financial debt	**106.267**	**28.102**

(*) As of 31 December 2021, the Group's short-term bank loans are denominated entirely in Turkish lira and the weighted average of the interest on the said loans is 26.74%.

There follows a breakdown by maturity date of financial liabilities in respect of right of use assets:

	31 December 2021	31 December 2020
Less than 3 months to maturity	77.298	5.063
3 - 12 months to maturity	13.990	14.517
1 - 2 years to maturity	9.955	6.691
2 - 5 years to maturity	5.024	1.831
	106.267	**28.102**

The weighted average of the alternative borrowing rates applied to the Group's lease obligations is 22.60% for those denominated in Turkish lira and 2.10% for those denominated in pound sterling as of 31 December 2021. (31 December 2020: TL: 14,02%, EUR: 3,99%, GBP: 2,16%).

8. TRADE RECEIVABLES AND PAYABLES

8.1 Short-Term Trade Receivables

As of 31 December 2021 and 2020, short-term trade receivables are as follows:

	31 December 2021	31 December 2020
Accounts receivable	331.397	248.622
Notes and cheques receivables	153.514	94.460
	484.911	**343.082**
Less: Provision for doubtful trade receivables	(11.905)	(14.147)
	473.006	**328.935**

The trade receivables collection period, while varying according to product type and contracts made with customers, averages 70 days (31 December 2020: 80 days).

Maturities for short-term trade receivables from non-related parties as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Overdue receivables	26.862	38.167
0 - 30 day maturity	113.036	100.577
31 - 60 day maturity	185.155	95.598
61 - 90 day maturity	106.279	68.721
91 days and over	41.674	25.872
Total	**473.006**	**328.935**

Considering past experience and the current economic situation, the Group management assesses and where necessary allocates an appropriate proportion of the provision for doubtful receivables. The current year changes in the provision for doubtful receivables are as follows:

	31 December 2021	31 December 2020
Beginning of the period	**14.147**	**14.484**
Doubtful receivables for the period	1.012	94
Doubtful receivables received for the period (Note 25.1)	(1.778)	(645)
Doubtful receivables written-off for the period	(1.490)	--
Translation difference	14	214
End of the period	**11.905**	**14.147**

Details of the credit and market risk, exchange rate risk and impairment of the Group's short-term trade receivables are set out in Note 30.

8.2 Short-Term Trade Payables

As of 31 December 2021, short-term trade payables to non-related parties is TL 523.299 thousand (31 December 2020: TL 255.987 thousand) due to various suppliers.

The average payment period of short term trade payables is 90 days (31 December 2020: 75 days).

Comments on the exchange rate and liquidity risk to which the Group is exposed are set out in Note 30.

9. OTHER RECEIVABLES AND PAYABLES

9.1 Other Short-Term Receivables from Third Parties

As of 31 December 2021 and 2020, other long-term receivables from third parties are as follows:

	31 December 2021	31 December 2020
Receivables from public institutions	1.846	2.043
Deposits and guarantees given	108	110
Other	3.557	2.784
	5.511	**4.937**

9.2 Other Long-Term Receivables from Third Parties

As of 31 December 2021 and 2020, other long-term receivables from third parties are as follows:

	31 December 2021	31 December 2020
Deposits and guarantees given	911	870
	911	**870**

9.3 Other Short-Term Payables to Third Parties

As of 31 December 2021 and 2020, other short-term payables to third parties are as follows:

	31 December 2021	31 December 2020
Deposits and guarantees received(*)	2.922	3.679
Other	88	127
	3.010	**3.806**

(*) All of the Deposits and guarantees consist of collateral received in cash from the Group's customers.

10. INVENTORIES

As of 31 December 2021 and 2020, details of inventories are as follows:

	31 December 2021	31 December 2020
Raw materials	173.623	97.654
- Spare parts and operating supplies	*75.308*	*55.177*
- Fuel	*65.985*	*24.561*
- Packaging materials	*3.113*	*1.278*
- Other	*29.217*	*16.638*
Work in process	84.554	19.089
Finished goods	10.531	5.657
Trade goods	2.319	756
Goods in transit	2.713	951
	273.740	**124.107**

As of 31 December 2021, total of raw material, semi-finished products and finished goods, which were recognized as an expense during the period and included in cost of sales is TL 724.689 thousand (31 December 2020: TL 488.618 thousand) (Note 24).

As of 31 December 2021, there is no impairment on the inventories (31 December 2020: None).

As of 31 December 2021, there is no mortgage/pledge on the inventories (31 December 2020: None).

11. PREPAID EXPENSES AND DEFERRED INCOME

11.1 Short-Term Prepaid Expenses

As of 31 December 2021 and 2020, short-term prepaid expenses are as follows:

	31 December 2021	31 December 2020
Job advances given	8.432	5.685
Prepaid Expenses	8.010	4.441
Other	313	814
	16.755	**10.940**

Prepaid expenses comprised prepaid insurance and rent expenses.

11.2 Long Term Prepaid Expenses

As of 31 December 2021, the long term pre-paid expenses are TL 1.205 thousand (31 December 2020: TL 29 thousand).

11.3 Short Term Deferred Income

As of 31 December 2021 and 31 December 2020, short-term deferred income is as follows:

	31 December 2021	31 December 2020
Advance payments for orders received	24.214	9.566
Other	336	150
	24.550	**9.716**

Received order advances consist of the payments the Group received from dealers and customers for the coming period orders.

12. INVESTMENT PROPERTIES

For the years ending on 31 December, the change in investment properties is as follows:

	2021	2020
1 January	**458.035**	**410.260**
Changes in fair value (Note 26.1)	246.205	54.075
Real estate sold	(13.410)	(6.300)
31 December	**690.830**	**458.035**

Investment properties are the properties which the Group holds in hand and are intended to be appreciated in the future and not to be utilized in the production or supply of goods and services or administrative course of the business, in order to obtain value appreciation.

As of 31 December 2021 and 2020, fair values of the investment properties are as follows:

	31 December 2021	31 December 2020
Land	658.020	434.840
Buildings	32.810	23.195
	690.830	**458.035**

As of 31 December 2021, there are no mortgages on the investment properties (31 December 2020: None).

Fair value hierarchy

On 31 December 2021, the Group commissioned Vakıf Gayrimenkul Değerleme A.Ş. to survey the market prices of investment properties and reported the properties in fair value based on the appraisal reports.

The fair value of the investment property amounting to TL 690.830 thousand has been categorized as a Level 2 fair value based on the inputs to the valuation technique used.

13. TANGIBLE ASSETS

The Group's tangible assets comprise mine assets and other non-current assets and their carrying amounts are as follows:

	31 December 2021	31 December 2020
Quarry assets	70.378	41.438
Other non-current assets	485.703	422.542
	556.081	**463.980**

13.1 Quarry assets

Quarry assets are composed of the discounted costs of rehabilitation and closure of the mine sites. Changes of mine sites for the years ending on 31 December 2021 and 2020 are as follows:

	1 January 2021	Additions	Transfer	Foreign Currency Translation Differences	31 December 2021
Cost of rehabilitation of mining areas	134.908	7.300	--	94.587	236.795
Accumulated depreciation	(93.470)	(7.637)	--	(65.310)	(166.417)
	41.438	**(337)**	**--**	**29.277**	**70.378**

	1 January 2021	Additions	Transfer	Foreign Currency Translation Differences	31 December 2020
Cost of rehabilitation of mining areas	105.038	5.226	--	24.644	134.908
Accumulated depreciation	(68.395)	(9.042)	--	(16.033)	(93.470)
	36.643				**41.438**

13.2 Other non-current assets

Movements in property, plant and equipment for the year ended 31 December 2021 are as follows:

	1 January 2021	Additions	Disposals	Transfers(*)	Effect of Acquired Subsidiary	Foreign Currency Translation Differences	31 December 2021
Cost							
Land	84.810	--	--	--	--	--	84.810
Land improvements	82.524	--		2.739	--	--	85.263
Buildings	172.626	--	--	3.318	--	7.642	183.586
Machinery, installations, and devices	1.115.841	1.158	(2.767)	63.289	360	62.904	1.240.785
Motor vehicles	15.629	--	(271)	5.007	--	144	20.509
Furniture and fixtures	40.638	1.740	(424)	388	94	3.855	46.291
Other intangible assets	3.393	--	--	--	--	--	3.393
Leasehold improvements	7.574	732	--	638	3.970	--	12.914
Construction in progress	2.656	89.939	--	(76.901)	515	--	16.209
Total Cost	**1.525.691**	**93.569**	**(3.462)**	**(1.522)**	**4.939**	**74.545**	**1.693.760**
Accumulated depreciation							
Land improvements	(63.082)	(1.983)	--	--	--	--	(65.065)
Buildings	(98.797)	(3.343)	--	--	--	(7.436)	(109.576)
Machinery, installations, and devices	(883.314)	(41.063)	2.764	--	(243)	(43.975)	(965.831)
Motor vehicles	(13.359)	(874)	271	--	--	(123)	(14.085)
Furniture and fixtures	(35.494)	(1.941)	55	--	(65)	(3.669)	(41.114)
Other intangible assets	(3.393)	--	--	--	--	--	(3.393)
Leasehold improvements	(5.710)	(534)	--	--	(2.749)	--	(8.993)
Total accumulated depreciation	**(1.103.149)**	**(49.738)**	**3.090**	**--**	**(3.057)**	**(55.203)**	**(1.208.057)**
Net book value	**422.542**						**485.703**

(*) Investments in progress amounting to TL 1.522 thousand are classified under intangible fixed assets as of 31 December 2021.

As of 31 December 2021, there are no charges such as mortgages or pledges on fixed tangible assets (31 December 2020: None).
As of 31 December 2021, there is no capitalized borrowing cost on the tangible assets (31 December 2020: None).

Movements in property, plant and equipment for the year ended 31 December 2020 are as follows:

	1 January 2020	Additions	Disposals	Transfers(*)	Effect of Acquired Subsidiary	Foreign Currency Translation Differences	31 December 2020
Cost							
Land	84.810	--	--	--	--	--	84.810
Land improvements	84.821	119	(4.789)	2.373	--	--	82.524
Buildings	173.033	--	(4.943)	2.216	--	2.320	172.626
Machinery, installations, and devices	1.171.949	206	(101.264)	27.579	--	17.371	1.115.841
Motor vehicles	18.451	89	(4.032)	1.077	--	44	15.629
Furniture and fixtures	39.651	1.181	(1.577)	243	--	1.140	40.638
Other intangible assets	3.393	--	--	--	--	--	3.393
Leasehold improvements	28.195	--	(22.012)	1.391	--	--	7.574
Construction in progress	7.402	31.336	(435)	(35.647)	--	--	2.656
Total Cost	**1.611.705**	**32.931**	**(139.052)**	**(768)**	**--**	**20.875**	**1.525.691**
Accumulated depreciation							
Land improvements	(63.848)	(1.852)	2.618	--	--	--	(63.082)
Buildings	(96.202)	(3.375)	3.037	--	--	(2.257)	(98.797)
Machinery, installations, and devices	(926.079)	(39.437)	93.004	--	--	(10.802)	(883.314)
Motor vehicles	(14.328)	(918)	1.923	--	--	(36)	(13.359)
Furniture and fixtures	(33.998)	(1.864)	1.427	--	--	(1.059)	(35.494)
Other intangible assets	(3.393)	--	--	--	--	--	(3.393)
Leasehold improvements	(18.210)	(634)	13.134	--	--	--	(5.710)
Total accumulated depreciation	**(1.156.058)**	**(48.080)**	**115.143**	**--**	**--**	**(14.154)**	**(1.103.149)**
Net book value	**455.647**						**422.542**

(*) Investments in progress amounting to TL 768 thousand are classified under intangible fixed assets as of 31 December 2020.

The distribution of current period amortization and depreciation expenses of tangible and intangible assets and rights of use is as follows:

	1 January – 31 December 2021	1 January – 31 December 2020
Cost of sales (Note 22)	75.253	68.297
General administrative expenses (Note 23.1)	5.095	5.334
Marketing expenses (Note 23.2)	1.011	805
Inventories	2.130	1.171
Total	**83.489**	**75.607**

14. RIGHT OF USE ASSETS

The right of use assets movement table for the year ending 31 December 2021 is as follows:

	1 January 2021	Additions	Disposals	Foreign Currency Translation Differences	31 December 2021
Cost					
Land	692	54	(169)	--	577
Buildings	2.579	539	(458)	2.120	4.780
Machinery, installations, and devices	4.037	1.095	(1.480)	132	3.784
Vehicles	37.379	32.379	(29.321)	208	40.645
Total Cost	**44.687**	**34.067**	**(31.428)**	**2.460**	**49.786**
Accumulated depreciation					
Land	(318)	(175)	169	--	(324)
Buildings	(1.218)	(761)	458	(1.128)	(2.649)
Machinery, installations, and devices	(950)	(1.564)	1.203	(60)	(1.371)
Vehicles	(15.822)	(22.970)	25.115	(81)	(13.758)
Total accumulated depreciation	**(18.308)**	**(25.470)**	**26.945**	**(1.269)**	**(18.102)**
Net book value	**26.379**				**31.684**

The distribution of amortization expenses of right of use assets has been presented in Note 13.2.

The right of use assets movement table for the year ending 31 December 2020 is as follows:

	1 January 2020	Additions	Disposals	Foreign Currency Translation Differences	31 December 2020
Cost					
Land	607	85	--	--	692
Buildings	2.017	--	--	562	2.579
Machinery, installations, and devices	1.266	2.668	--	103	4.037
Vehicles	8.935	37.341	(8.956)	59	37.379
Total Cost	**12.825**	**40.094**	**(8.956)**	**724**	**44.687**
Accumulated depreciation					
Land	(145)	(173)	--	--	(318)
Buildings	(476)	(550)	--	(192)	(1.218)
Machinery, installations, and devices	(161)	(749)	--	(40)	(950)
Vehicles	(2.994)	(16.404)	3.592	(16)	(15.822)
Total accumulated depreciation	**(3.776)**	**(17.876)**	**3.592**	**(248)**	**(18.308)**
Net book value	**9.049**				**26.379**

15. INTANGIBLE ASSETS

For the year ended on 31 December 2021, changes in the intangible assets are as follows:

	1 January 2021	Additions	Disposals	Transfers(*)	Effect of Acquired Subsidiary	Foreign currency translation differences	31 December 2021
Cost							
Rights	7.354	--	--	--	51	--	7.405
Other intangible assets	35.201	--	--	1.522	59.226	17.883	113.832
Total Cost	**42.555**	**--**	**--**	**1.522**	**59.277**	**17.883**	**121.237**
Accumulated amortization							
Rights	(2.757)	(56)	--	--	(41)	--	(2.854)
Kömürcüoda agreement	--	--	--	--	--	--	--
Other intangible assets	(34.292)	(588)	--	--	--	(17.883)	(52.763)
Total accumulated amortization	**(37.049)**	**(644)**	**--**	**--**	**(41)**	**(17.883)**	**(55.617)**
Net book value	**5.506**						**65.620**

(*) 31 Aralık 2021 tarihi itibarıyla 1.522 bin TL tutarındaki maddi olmayan duran varlıklar, yapılmakta olan yatırımlardan sınıflanmıştır.

For the year ended on 31 December 2020, changes in the intangible assets are as follows:

	1 January 2020	Additions	Disposals	Transfers(*)	Effect of Acquired Subsidiary	Foreign currency translation differences	31 December 2020
Cost							
Rights	7.364	--	(10)	--	--	--	7.354
Kömürcüoda agreement	28.061	--	(28.061)	--	--	--	--
Other intangible assets	29.630	24	(51)	768	--	4.830	35.201
Total Cost	**65.055**	**24**	**(28.122)**	**768**	**--**	**4.830**	**42.555**
Accumulated amortization							
Rights	(2.700)	(67)	10	--	--	--	(2.757)
Kömürcüoda agreement	(28.061)	--	28.061	--	--	--	--
Other intangible assets	(28.971)	(542)	51	--	--	(4.830)	(34.292)
Total accumulated amortization	**(59.732)**	**(609)**	**28.122**	**--**	**--**	**(4.830)**	**(37.049)**
Net book value	**5.323**						**5.506**

(*) Intangible fixed assets amounting to TL 768 thousand are classified as investments in progress as of 31 December 2020.

16. GOODWILL

As of 31 December 2021 and 2020, goodwill comprises the follows:

	31 December 2021	31 December 2020
Goodwill from acquisition of Lalapaşa	138.665	138.665
Goodwill from acquisition of NWM Holding	48.367	26.769
Goodwill from acquisition of Sureko	21.691	21.691
Goodwill from acquisition of Elazığ Çimento	13.506	13.506
Goodwill from acquisition of Ege Kırmataş	681	--
	222.910	**200.631**

(i) Acquisition of Lalapaşa

The Group participated in the auction for Lalapaşa arranged by the Saving Deposits Insurance Fund ("SDIF") on 10 October 2005 and acquired Lalapaşa for a purchase consideration of TL 223.510 thousand (USD 166.500.000). Following the approval of Competition Board and Fund Board, control of Lalapaşa was transferred to the Group on 28 December 2005 and the acquisition is recognized in accordance with TFRS 3. The Group's management conducted an impairment test on the goodwill arising from the acquisition of Lalapaşa by using the reduced cash-flow method pursuant to the provisions of TAS 36. No impairment was found as a result of the test conducted by taking into consideration the current conditions and generally accepted appraisal techniques on 31 December 2021.

In the valuation technique applied, the impairment test of the goodwill is based on the following assumptions:

a) These generally accepted appraisal techniques are highly sensitive to the changes in the EBITDA/Net Sales ratio between the 18% and 21% range (2020: 14% to 23%) and in the Weighted Average Cost of Capital value, accepted as 17,20% (2020: 17,70%).

b) The EBITDA/Net Sales ratio is compliant with the Company's budget for 2022 and beyond, whereas Weighted Average Cost of Capital ratio depends on macroeconomic and certain recycling industry variables.

As of 31 December 2021, the estimated recoverable amount of the CGU exceeds its carrying amount by TL 203.215 thousand. For the forecast recoverable amount to equal the carrying amount, if the discount rate from among the assumptions employed is increased by 7,1% and the other variables are kept constant, the CGU's recoverable amount is equal to its carrying amount. Likewise, the CGU's recoverable amount is equal to the carrying amount when the EBITDA / net sales ratio is reduced as fas as 4,8% from the values used in assumptions with the other variables kept constant.

(ii) Acquisition of Elazığ Çimento

On 21 September 2006, the Group acquired 99,99% of net assets of Elazığ Çimento for a purchase consideration of USD 110.000.000, equivalent to TL 161.116 thousand. The acquisition was reported in accordance with the provisions of TFRS 3, "Business Combinations" and no other identifiable intangible assets have been detected in TAS 38 whose fair value can be measured reliably, and the related goodwill reflected on the consolidated financial statements amounts to TL 13.506 thousand.

The Group's management conducted an impairment test on the goodwill arising from the acquisition of Elazığ Çimento by using the reduced cash-flow method pursuant to the provisions of TAS 36. No impairment was found as a result of the test conducted by taking into consideration the current conditions and generally accepted appraisal techniques on 31 December 2021.

In the valuation technique applied, the impairment test of the goodwill is based on the following assumptions:

a) These generally accepted appraisal techniques are highly sensitive to the changes in the EBITDA/Net Sales ratio between the 9% and 12% range (2020: 0,6% to 15%) and in the Weighted Average Cost of Capital value, accepted as 17,20% (2020: 17,70%).

b) The EBITDA/Net Sales ratio is compliant with the Company's budget for 2022 and beyond, whereas Weighted Average Cost of Capital ratio depends on macroeconomic and certain recycling industry variables.

As of 31 December 2021, the estimated recoverable amount of the CGU exceeds its carrying amount by TL 70.667 thousand. When a 5,5% increase is applied as discount rate on the values used in assumptions by keeping the other variables constant for the estimated recoverable amount to be equal to the carrying amount, the CGU's recoverable amount is equal to its carrying amount. Likewise, the CGU's recoverable amount is equal to the carrying amount when the EBITDA / net sales ratio is reduced as fas as 1,9% from the values used in assumptions with the other variables kept constant.

(iii) Acquisition of Süreko

On 1 September 2009, the Group acquired 69,9% of net assets of Süreko for a purchase consideration of USD 10.759 thousand, equivalent to TL 22.853 thousand. Acquisition is valued according to the principles of TFRS 3 "Business Combinations". Calculated after the acquisition, the goodwill amounting to TL 21.691 thousand is recognized in the consolidated financial statements.

In accordance with the principles of TAS 36, goodwill from the acquisition of Sureko is subject to an impairment test by the Group management, using the method of discounted cash flow. No impairment was found as a result of the test conducted by taking into consideration the current conditions and generally accepted appraisal techniques on 31 December 2021.

In the valuation technique applied, the impairment test of the goodwill is based on the following assumptions:

a) These generally accepted appraisal techniques are highly sensitive to the changes in the EBITDA/Net Sales ratio between the 10% and 24% range (2020: 16% to 20%) and in the Weighted Average Cost of Capital value, accepted as 14,70% (2020: 15,80%).

b) While the EBITDA/net sales ratio complies with the budgets that the Company has prepared for 2022 and afterwards, the Weighted Average Cost of Capital is dependent on certain macroeconomic and waste sector-related variables.

As of 31 December 2021, the estimated recoverable amount of the CGU exceeds its carrying amount by TL 7.312 thousand. For the forecast recoverable amount to equal the carrying amount, if the discount rate from among the assumptions employed is increased by 1,4% and the other variables are kept constant, the CGU's recoverable amount is equal to its carrying amount. Likewise, the CGU's recoverable amount is equal to the carrying amount when the EBITDA / net sales ratio is reduced as fas as 1,5% from the values used in assumptions with the other variables kept constant.

(iv) Acquisition of NWM Holding

Recydia, a subsidiary of the Group acquired 100% of the net assets of NWM Holding amounting to GBP 8.600 thousand which is equivalent to TL 24.170 thousand, on 4 July 2012. The acquisition was treated pursuant to the provisions of TFRS 3 "Business Combinations" and goodwill relating to NWM Holding was incorporated into consolidated financial statements.

In accordance with the principles of TAS 36, goodwill from the acquisition of NWM Holding is subject to an impairment test by Group management, using the method of discounted cash flow. No impairment was found as a result of the test conducted by taking into consideration the current conditions and generally accepted appraisal techniques on 31 December 2021. In the valuation technique applied, the impairment test of the goodwill is based on the following assumptions:

a) These generally accepted appraisal techniques are highly sensitive to the changes in the EBITDA/Net Sales ratio between the 5% and 7% range (2020: 6% to 11%) and in the Weighted Average Cost of Capital value, accepted as 5,20% (2020: 5,30%).

b) While the EBITDA/net sales ratio complies with the budgets that the Company has prepared for 2022 and afterwards, the Weighted Average Cost of Capital is dependent on certain macroeconomic and waste sector-related variables.

As of 31 December 2021, the estimated recoverable amount of the CGU exceeds its carrying amount by GBP 940 thousand. For the forecast recoverable amount to equal the carrying amount, if the discount rate from among the assumptions employed is increased by 0,6% and the other variables are kept constant, the CGU's recoverable amount is equal to its carrying amount. Likewise, the CGU's recoverable amount is equal to the carrying amount when the EBITDA / net sales ratio is reduced as fas as 0,4% from the values used in assumptions with the other variables kept constant.

(v) Acquisition of Ege Kırmataş

On 23 November 2021, the Group acquired 100% of the shares in Ege Kırmataş for the consideration of TL 50.270 thousand corresponding to USD 4.500 thousand. The acquisition was treated under the provisions of TFRS 3 "Business Combinations" and the goodwill amounting to TL 681 thousand calculated following the acquisition was incorporated into the consolidated financial statements (Note 3).

17. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

17.1 Commitments and contingent liabilities

a) Guarantees Given

As of 31 December 2021 and 2020, details of the guarantees given are as follows:

	31 December 2021	31 December 2020
Letters of guarantee	99.715	64.449
Guarantees given through the direct debit system ("DDS") (*)	63.133	29.810
	162.848	**94.259**

(*) The total limit as of 31 December 2021 of guarantees the Group gives vendors through the DDS is TL 78.139 thousand and the balance in question in the statement constitutes the amount outstanding to suppliers as of the current period (31 December 2020: TL 45.530 thousand).

The Group's position related to letters of guarantee given, pledges and mortgages ("GPM") as of 31 December 2021 and 2020, is as follows:

	31 December 2021				31 December 2020			
	TL Equivalent	TL	USD	GBP	TL Equivalent	TL	USD	GBP
A The total amount of GPMs issued on its own corporate behalf	162.179	116.947	1.529	1.383	92.686	70.859	1.100	1.383
B The total number of GPMs issued in favour of fully consolidated partners included in full consolidation scope amount	669	669	--	--	1.573	1.573	--	--
C The total amount of GPMs issued to secure other third party debts for furtherance or ordinary commercial activities	--	--	--	--	--	--	--	--
D Total amount of Other GPM given	--	--	--	--	--	--	--	--
- Total amount of GPM given in favour of the parent company	--	--	--	--	--	--	--	--
- Total amount of GPMs issued in favour companies that do not fall under items of B and C	--	--	--	--	--	--	--	--
- Total amount of GPMs issued in favour of 3rd parties that do not fall under item C	--	--	--	--	--	--	--	--
	162.848	**117.616**	**1.529**	**1.383**	**94.259**	**72.432**	**1.100**	**1.383**

The ratio of other GPMs issued to the total equity of the Group as of 31 December 2021 is 0,0% (31 December 2020: %0,0).

b) Sureties Received

As of 31 December 2021 and 2020, the details of the sureties received are as follows:

	31 December 2021	31 December 2020
Sureties Received	20.380	2.735
	20.380	**2.735**

c) Sureties Given

None (31 December 2020: None).

d) Guarantees Received

As of 31 December 2021 and 2020, details of guarantees received are as follows:

	31 December 2021	31 December 2020
Letters of guarantee	403.507	262.429
Collateral received through inventory financing	55.343	45.195
Mortgages	28.744	33.303
Sureties	20.380	2.735
Guarantee notes	16.970	12.686
Pledges	5.710	5.384
Collateral cheques	288	288
Letters of credit	126	126
	531.068	**362.146**

17.2 Important Lawsuits

- Compensation for damages lawsuit against the Group for the mining activities

Batı Madencilik which has a mining license within the boundaries of Edirne/Keşan started proceedings against the Group amounting to TL 1.045 thousand stating that they had incurred losses because the Group extracts pozzolan from the ground, for compensation of said loss. An expert report prepared during the trial includes statements against the Group. Therefore, the Group prepared a detailed petition against the decision of the court expert, and additionally a scientific view supported by Dokuz Eylül University, Faculty of Law was submitted to the court regarding this lawsuit. The court sentenced the Group to pay for TL 800 thousand. The Group management filed an appeal against the decision. The Supreme Court accepted the appeal of the Group and then the plaintiff company demanded a review of the decision. The demand of the plaintiff company was rejected and the case was sent back to local court. The Company's objection to the expert examination conducted was accepted and the court ruled for formation of a new commission of experts. The same company filed an additional lawsuit for damages against the Group for the same reasons amounting to TL 3.141 thousand in December 2009. Both actions for damages were consolidated. At the end of the trial, the court ruled to the detriment of the Group. The reasoned decision was delivered and it was appealed with a stay of execution request. The appeal request resulted in the favour of the company and the local court reversed the judgement. The plaintiff party applied for rectification of decision and the rectification of decision application has resulted in the Group's favour. The case has been remitted to the local court for a retrial to be held. The proceedings are pending.

In addition, Batı Madencilik brought action for quarrying licence annulment against the Group. The demand for decertification was rejected as a result of the trial by Edirne Administrative Court and the lawsuit resulted in favour of the Group. Plaintiff appealed the ruling and in December 2011the 8th Chamber of the Council of State reversed the ruling by the Edirne Administrative Court. The Council of State's reason for reversing the judgement of the local court was due to procedural errors rather than the gist of the action or the decision. The trial on the reverse decision resulted in favour of the Group. The plaintiff appealed the decision to the Council of State, and the Council of State gave a decision in favour of the Group. The Council of State reviewed the ruling upon the plaintiff's request for revision of the ruling by the Council of State. The process ended in favour of the Group and the court's ruling became final.

The final conclusion of the action for damages that was ruled against the Group depends on a positive outcome in the license cancellation case, which the Council of State settled as final ruling. Thus, the odds look in favour of the Group. Accordingly, the Group's management did not set aside any provisions in the 31 December 2021 consolidated financial statements as it believes the chances are high for a ruling in favour of the Group.

- The investigation and lawsuits of the Competition Board

The Investigation of the Competition Board regarding Elazığ and Kars Çimento

The Competition Board commenced a pre-investigation of business dealings of all cement companies operating in the East and South-East Anatolian Region on 27 October 2010. The preliminary Report was discussed at the meeting dated 16 December 2010 of the Competition Board and under resolution number 10-78/1618-M an investigation was launched pursuant to Article 41 of Law No 4054 on the Protection of Competition into ten entities including Elazığ Çimento and Kars Çimento to determine if they had violated Article 4 of the Law. At the outcome of the investigation, the Competition Ruled ruled that the said companies had violated Article 4 of the Law on the Protection of Competition and imposed an administrative fine on the said companies under the same statute. According to this, the Turkish Competition Board issued an administrative fine of TL 1.121 and 2.903 thousand, respectively against Kars Çimento and Elazığ Çimento for a total amount of TL 4.024 thousand. The above-mentioned administrative fines were paid in the total amount of TL 3.018 thousand on 19 November 2012 with recourse to the 25% outright payment discount within the stipulated time limit under the Law of Misdemeanours. After the payment, both companies appealed to administrative court for the cancellation of the administrative fines mentioned above. The cancellation lawsuit issued for the administrative fines for Kars Çimento was rejected by the administrative court and the decision was appealed to a higher court. The appeal request was rejected, and an application was made to the Council of State for a corrective decision overturning this. Our application for a corrective decision was dismissed. The lawsuit issued for Elazığ Çimento was accepted by the administrative court which cancelled the decision of the Competition Board based on the grounds that the penalty rate should be 2% of the revenue instead of 3%. After the cancellation, the amount of TL 2.177 thousand previously paid was refunded in 2014. The Competition Board has both appealed the decision of the Administrative Court and established a new decision complying with 2%, and the amount TL 1.451 thousand was paid by the Elazığ Çimento for this decision in 2014. The appeal filed by the Competition Board against the Administrative Court decision regarding the reduction of the penalty from 3% to 2% has been accepted. Although our appeal request was accepted on the basis of the decision to overturn the reduction of the aforementioned penalty to 2%, the file was sent to the Administrative Court for a new ruling in light of the new situation created in the framework of Council of State decisions. An application was made for a corrective decision against the Council of State ruling. Our application for a corrective decision was dismissed.

In the meantime, an application was made for the refund of the payment of TL 1.451 thousand previously made, and the Competition Board incurred an administrative fine of TL 2.903 thousand, based on the decision of the Council of State. The difference between the amounts of TL 1.451 thousand and TL 2.903 thousand was paid under reservation, but proceedings were instituted at the Administrative and Tax Courts for annulment of the transaction. The cases so filed are pending.

- Case related to Capital Markets Board

Pursuant to the ruling No. 44649743-663.09-286-8709 dated 2 September 2014 ("Ruling") published on the weekly bulletin of the Capital Markets Board (CMB) on 29 August 2014 and served to the Group on 5 September 2014 as a result of an investigation by the CMB, it was determined that the sales price was set lower than the equivalents and the proceedings were secretly transferred to Cementir Holding when the shares of Alfacem S.r.L. were re-sold to the parent company at the same price in accordance with the board of directors resolution dated 20 March 2009 after the shares were acquired in 2005 for a cost of €85.000.000 from a subsidiary of the parent company Cementir Holding to which Çimentaş is associated in terms of management, audit and capital. Accordingly, it was ruled to notify Çimentaş to take the necessary measures to return to the Group within three months at the latest the 101.811.908 Turkish lira financing cost that Çimentaş bore on the sales date on 20 March 2009.

Upon the notice, the Group applied to the CMB for rescission of the decision in accordance with article 11 of the Administrative Jurisdiction Procedures Law. As said application was not responded to in the legal period of 60 days, it was considered rejected and the rejection response of CMB was notified to the Group after the completion of 60-day period.

A lawsuit was filed against the CMB on 30 December 2014 for reversal of the decision with the file No. 2014/2266 E. of the 7th Administrative Court of Ankara, and the court stayed the execution. Upon objection by the CMB, the Administrative Court of Ankara granted a motion for stay of execution and the file was submitted to the commission of experts. The Experts' Report was submitted to the court and statements were made in opposition to the report. By means of ruling number 2014/2266 E – 2018/1858 K. of Ankara Administrative Court No 7, the part of the CMB's ruling No. 286-8709 dated 02.09.2014 concerning the taking of the necessary measures for the returning to the company within three months at the latest of the 101.811.908 Turkish lira financing cost the company was alleged to have borne was annulled. Timely application for appeal was made against the adverse portions of the ruling. Our appeal request has been rejected and an appeal has been filed with the Council of State against this decision. The appeal process is ongoing.

17.3 Other Provisions

i) Other Short-Term Provisions

Other short-term provisions as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Provisions for litigation, claims and penalties	22.028	26.441
State limestone usage fee	5.923	4.780
Other	1.937	1.684
	29.888	**32.905**

As of 31 December 2021 and 2020, changes of the provision for lawsuits and fines are as follows:

	2021	2020
1 January	**26.441**	**22.617**
Provisions for the current year	3.202	3.735
Payment for litigation, claims and penalties	(3.322)	(426)
Amount of provisions reversed in the period (Note 25.1)	(6.700)	(135)
Foreign currency translation difference	2.407	650
31 December	**22.028**	**26.441**

ii) Other long-term provisions

As of 31 December 2021 and 2020, long term provisions are as follows:

	31 December 2021	31 December 2020
Provision for environmental rehabilitation, improvement and closure of the mine sites	57.880	37.852
	57.880	**37.852**

Changes of the provision for environmental rehabilitation, improvement and closure of mines are as follows:

	2021	2020
Beginning of the period	**37.852**	**31.308**
Increase throughout the period	1.999	1.692
Unwinding of discount effect of discount recognized as expense (Note 27.2)	1.918	346
Effect of translation differences	16.111	4.506
End of the period	**57.880**	**37.852**

18. COMMITMENTS

a) Purchase commitments

As of 31 December 2021, the Group had commitments for the purchase it will make of 13 thousand tonnes of fuel amounting to USD 2.411 thousand (31 December 2020: 89 thousand tonnes, USD 5.798 thousand).

b) Sales commitments

As of 31 December 2021, the Group had sales commitments for 240 thousand tonnes of clinker and 440 thousand tonnes of cement amounting to USD 10.848 thousand and USD 19.256 thousand respectively (31 December 2020: None).

19. EMPLOYEE BENEFITS

19.1 Short-Term Payables within the Scope of Employee Benefits

Short-term payables within the scope of employee benefits as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Payables for social security and tax withholdings	5.544	6.034
Salary payables	1.800	1.170
Other	803	351
	8.147	**7.555**

19.2 Short-Term Provisions Related to Employee Benefits

Short-term provisions related to employee benefits as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Personnel premium provisions	7.064	5.117
Unused vacation provision	3.407	2.992
	10.471	**8.109**

19.3 Long-Term Provisions Related to Employee Benefits

Long-term provisions related to employee benefits as of 31 December 2021 and 2020, are as follows:

	31 December 2021	31 December 2020
Provision for severance payment	28.012	26.932
	28.012	**26.932**

Provision for severance payment has been set as follows:

Under the Turkish Labour Law, the Group is required to make severance payment to each employee who has completed one year of service and whose employment is terminated or who is called up for military service, passes away or retires after completing 25 years of service (20 years for women) and reaches the age for retirement (58 for women and 60 for men). Since the legislative amendment on 23 May 2002, certain transitional provisions with respect to the length of service prior to retirement have been put into force.

The severance amount payable consists of one month's gross salary for each year of service and is limited to TL 8.285 per year as of 31 December 2021 (31 December 2020: TL 7.117 per year).

The liability of payment is not subject to any funding in the legal terms and there is no clause for funding. The severance pay provision is calculated by estimating the present value of the future probable obligation arising from the retirement of the employees.

The basic assumption is that the ceiling provision settled for each year of service increases in proportion to inflation. In this way, the implemented discount rate reflects the real rate without the expected impacts of the inflation rate.

The accounting policies of the group require the Company to use various actuarial methods to predict the Group's severance payment liability. The severance payment provision has been calculated in accordance with the present value of future probable obligations arising from the retirement of all the employees and reported in the financial statements.

Accordingly, the following statistical assumptions are used in the calculation of the total liability:

	31 December 2021	31 December 2020
Discount rate	%3,97	%3,95
Probability of turnover without receiving severance	%5,20	%4,51

The changes of employee severance as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Beginning of the period	**26.932**	**24.933**
Interest cost (Note 27.2)	1.063	1.088
Service cost (Notes 23.1 and 24)	3.335	2.630
Payments made during the period	(5.052)	(3.350)
Actuarial loss	1.734	1.631
End of the period	**28.012**	**26.932**

The interest expense, service expense and actuarial difference amounted to TL 6.132 thousand (2020: TL 5.349 thousand). The interest expense of TL 1.063 thousand is included in financial expenses (31 December 2020: TL 1.088 thousand) and the service cost of TL 3.335 thousand is included in general administrative expenses (31 December 2020: TL 2.630 thousand). As of 31 December 2021, the actuarial difference amounting to TL 1.734 thousand (31 December 2020: TL 1.631 thousand) is reported under other comprehensive expense.

20. OTHER ASSETS AND LIABILITIES

20.1 Other Current Assets

As of 31 December 2021 and 2020, other current assets are as follows:

	31 December 2021	31 December 2020
Value Added Tax ("VAT") Receivables	16.763	9.635
Other	704	--
	17.467	**9.635**

20.2 Other Non-Current Assets

As of 31 December 2021 and 2020, other non-current assets are as follows:

	31 December 2021	31 December 2020
VAT receivables	33.486	32.877
Other	333	333
	33.819	**33.210**

20.3 Other Short-Term Liabilities

Other short-term liabilities as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Taxes and funds payable	21.020	6.011
Other	185	--
	21.205	**6.011**

21. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Paid-up capital and differences of capital adjustment

As of 31 December 2021, the Company's issued capital is TL 87.112 thousand made up of 87.112.463 shares with a nominal value of 1 Turkish lira each (31 December 2020: Issued capital TL 87.112 thousand consisting of 87.112.463 shares with a nominal value per lot of TL 1).

The shareholding structure of the Group is as follows:

	31 December 2021		31 December 2020	
	Shareholding	Amount Of Share Thousand TL	Share Percentage (%)	Amount Of Share Thousand TL
Aalborg Portland Espana	96,93	84.439	97,10	84.586
Other/Public share	3,07	2.673	2,90	2.526
Paid-in capital	**100**	**87.112**	**100**	**87.112**
Cross shareholding capital adjustment		(3.381)		(3.381)
		83.731		**83.731**
Capital adjustment differences (*)		20.069		20.069
Total adjusted capital		**103.800**		**103.800**

(*) Capital adjustment differences represent the indexation effect of the cash or equivalent capital increases with the purchasing power on 31 December 2004.

Additional Capital Contributions of Shareholders

Alfacem has waived its receivable arising from the loan in the amount of TL 92.792 thousand equivalent to 6.300 thousand euro due on 30 November 2022 that it made to Çimentaş on 21 December 2021. The amount in question has been presented in the item "Additional Capital Contributions of Shareholders" based on Article 4.68 of the Conceptual Framework Concerning Financial Reporting promulgated in edition 30578 of the Official Gazette dated 27 October 2018.

Cross shareholding capital adjustment

The capital adjustments due to cross-ownership of TL 3.381 thousand (31 December 2020: TL 3.381 thousand) consist of Çimentaş shares received from third parties, shown in the consolidated financial statements based on the cost value, and held by the Group. As of 31 December 2021, the total number of the shares is 520.256 (31 December 2020: 520.256).

Share Premiums / Discounts

The share premium of TL 161.554 thousand (31 December 2020: TL 161.554 thousand) represents the difference between the shares' first issue price and the nominal value.

Gain / Loss on revaluation and measurement

As of 31 December 2021, revaluation and re-measurement gains/losses no longer represent the profits or losses. Their purpose and usage of recognizing them as other comprehensive income have been change, and now they consist of first time revaluation increases in tangible long-term assets transferred to investment properties, revaluation measurement losses from defined benefit plans, and other revaluation and measurement losses related to the sale of subsidiary shares. As of 31 December 2021, the Group posted TL 98.097 thousand (31 December 2020: TL 100.604 thousand) of tangible fixed asset revaluation increase, TL 21.306 thousand (31 December 2020: TL 20.167 thousand) of revaluation measurement losses from defined benefit plans, and TL 577 thousand (31 December 2020: TL 577 thousand) of other revaluation and measurement losses.

Foreign currency translation differences

Foreign currency translation differences comprise all foreign currency differences arising from the translation of the financial statements of foreign operations.

Legal reserves

According to the Turkish Commercial Code, legal reserves are divided into two primary and secondary legal reserves. According to Turkish Commercial Code, the primary legal reserves are allocated as 5% of the tax base found after deducting statutory retained losses in the statutory net period profit, until it reaches 20% of the Company's paid-in / issued capital. Secondary legal reserves are 1/10 of dividend distributions which excess 5% of the paid-in capital. On the other hand, if it is decided to distribute the entire net distributable profit for the period as dividends, and strictly limited to this situation, the secondary legal reserve is appropriated at a rate of 1/11 for the portion of the net distributable period profit that exceeds 5% of the paid-up/issued capital.Under the Turkish Commercial Code, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital. According to Law No. 5520 on Corporate Tax, 75% of the profits arising from the sale of the shares of subsidiaries, long-term assets, preferential rights, founders' shares, which have been included in the assets of entities for at least two years, are exempted from the corporate tax effective from 21 June 2006. In order to benefit from the exemption, the profit must be carried in a liability fund account and not withdrawn from the operation for 5 years. However, the exemption on capital gains the corporate taxpayers were entitled to from sales of real properties held for at least two years has been reduced from 75% to 50% by the regulation published in the Official Gazette dated 5 December 2018. Accordingly, the corporate tax and deferred tax on profits from the sale of immovables will be calculated at the corporate tax rate applicable in the year in question to the remaining 50%. As the following transactions took place before the regulation had taken effect, the Group reclassified in 2011 as a restricted reserve on retained earnings the TL 1.314 thousand being 75% of the profit it made from the sale of shares in subsidiaries that it sold in 2010, likewise in 2012 the TL 14.310 thousand being 75% of the profit it made from the sale of shares in subsidiaries that it sold in 2011, in 2014 the TL 2.812 thousand being 75% of the profit it made from sale of the building plot it sold in 2013, in 2015 the TL 11.175 thousand being 75% of the profit it made from sale of the building plot it sold in 2014 and in 2017 the TL 15.858 thousand being 75% of the profit it made from sale of the building plot it sold in 2016.

Reserves on Retained Earnings

Legal reserves

As the period of five years for holding the total amount of TL 29.611 thousand that had been classified between the years of 2011-2015 in the restricted reserve on retained earnings account has expired, the said amount has been transferred from the restricted reserve on retained earnings account to the "Previous Years' Profits" account. The Group additionally reclassified in 2019 as a restricted reserve on retained earnings the TL 62 thousand being 50% of the profit it made on the building plot sale it made in 2018 and in 2021 of the TL 3.542 thousand being 50% of the profit it made on the building plot sale it made in 2020.

Dividends

Publicly traded companies shall perform dividend distribution in accordance with the Communiqué on Dividends no. II-19.1 of the Capital Markets Board effective as of 1 February 2014. Companies will 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 regulation. Within the scope of this communiqué, no minimum distribution rate has been determined. Companies will pay dividends as set out in their articles of association or in their profit distribution policies. Additionally, dividends can be paid via equal or different amounts of instalments and cash dividend advances on profit contained in financial statements may be distributed.

With the decision of the General Assembly dated 15 April 2021, it was decided not to distribute profits, since the Company has financial period losses in its legal records.

Non-controlling interests

Equity in a subsidiary that is not attributable, directly or indirectly, to a parent is classified under the "Non-controlling interests" in the consolidated financial statements.

22. REVENUE AND COST OF SALES

Revenue and cost of sales for the years ending on 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Domestic sales	1.598.337	957.858
Export sales	237.123	197.383
Gross sales	**1.835.460**	**1.155.241**
Less: discounts	(14.461)	(13.366)
Net sales	**1.820.999**	**1.141.875**
Cost of sales (*)	(1.500.958)	(1.030.986)
Gross profit	**320.041**	**110.889**

(*) Cost of sales for the years ending 31 December 2021 and 2020 break down as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Raw materials and supplies costs	724.689	488.618
Electricity expenses	367.512	235.570
Outsourced benefits and services	130.973	84.785
Personnel expenses	94.618	73.783
Depreciation and amortization expenses (Note 13.2)	75.253	68.297
Loading and freight expenses	54.120	38.932
Maintenance and repair costs	27.882	18.992
Other	25.911	22.009
	1.500.958	**1.030.986**

23. GENERAL ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

23.1 General Administrative Expenses

General administrative expenses for the years ending on 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Personnel expenses	53.130	50.227
Consultancy expenses	42.060	30.338
Outsourced benefits and services	19.836	15.948
Taxes, levies and charges	11.507	9.657
Depreciation and amortization (Note 13.2)	5.095	5.334
Insurance expenses	4.361	2.785
Severance payment expenses (Notes 19.3 and 24)	3.335	2.630
Lightening and water expenses	3.019	2.353
Travel expenses	525	569
Other	15.992	13.686
	158.860	**133.527**

23.2 Marketing Expenses

Financing expenses for the years ending on 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Loading and freight expenses	36.288	30.793
Personnel expenses	7.031	5.012
Marketing service expenses	4.855	3.795
Depreciation and amortization (Note 13.2)	1.011	805
Other	1.019	738
	50.204	**41.143**

24. EXPENSES BY NATURE

For the years ending on 31 December 2021 and 2020, distribution of expenses by nature are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Raw material, work in process and finished goods costs (Note 10)	724.689	488.618
Electricity and water expenses	367.512	235.570
Personnel expenses	154.779	129.023
Outsourced benefits and services	150.833	100.827
Loading and freight expenses	90.838	70.141
Depreciation and amortization (Note 13.2)	81.359	74.436
Consultancy expenses	42.060	30.338
Maintenance and repair costs	27.925	18.998
Taxes, levies and charges	23.820	19.451
Severance payment expenses (Notes 19.3 and 23.1)	3.335	2.630
Other	42.872	35.624
	1.710.022	**1.205.656**

25. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

25.1 Other Income from Operating Activities

Other income from operating activities for the years ending on 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Foreign exchange gain from operating activities	22.347	4.712
Lawsuit provisions no longer required (Note 17.3)	6.700	135
Gain on sale of scrap materials	5.633	741
Late payment interest	4.373	5.354
Reversed provisions for doubtful receivables (Note 8.1)	1.778	645
Rental income	673	680
Insurance income	358	473
Other (*)	4.366	2.527
	46.228	**15.267**

(*) As of 31 December 2021, a TL 421 thousand portion of the relevant amount consists of the provision amount erased due to lower payment being made in relation to the provision amount to which the State is entitled which was allocated in 2020 (31 December 2020: TL 809 thousand).

25.2 Other Expenses from Operating Activities

Other expenses from operating activities for the years ending on 31 December 2021 and 31 December 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Foreign exchange losses from operating activities	109.942	16.875
Expenses for penalty, compensation and legal proceedings	3.833	6.938
Provision for doubtful receivable expenses	794	94
Impairment of advances paid	440	--
Excavation expense	160	393
Late payment expense	60	330
Other	4.009	3.710
	119.238	**28.340**

26. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

26.1 Income From Investing Activities

Income from investing activities for the years ending on 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Investment properties value increase gain (Note 12)	246.205	54.075
Gain on sale of non-current assets	1.037	1.811
	247.242	**55.886**

26.2 Expenses from Investing Activities

Expenses from investing activities for the years ending on 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Loss on sale of non-current assets (*)	361	16.047
	361	**16.047**

(*) A portion amounting to TL 15.182 thosand of the loss on sale of non-current assets in the year ending 31 December 2020 consisted of the loss on the sale of non-current assets and spare parts of Recydia's Istanbul Hereko Branch.

27. FINANCIAL INCOME AND EXPENSES

27.1 Financial Income

Financial income for the years ending on 31 December 2021 and 2020 is as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Foreign exchange gains	13.459	13.883
Interest income	848	6.703
	14.307	**20.586**

27.2 Financial Expenses

Financial expenses for the years ending on 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Foreign exchange expense	67.882	29.395
Interest expense on leasing transactions	5.532	3.534
Bank loans interest expenses	3.855	4.982
Interest expense from related entities (Note 5.8)	3.342	3.950
Bank commission expenses	1.995	1.703
Effect of discount from reclamation of mine sites and provision for closure of mine sites (Note 17.3)	1.918	346
Actuarial interest expense (Note 19.3)	1.063	1.088
Other	952	6
	86.539	**45.004**

28. INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES INCLUDED)

Prepaid corporate tax and corporation tax provision as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Current period corporation tax provision	11.377	5.197
Deduction: Prepaid corporation tax	(8.718)	(5.065)
Tax provision for the current period - net	**2.659**	**132**

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return for their financial statements. Therefore, provisions for taxes, as reported in the consolidated financial statements at the end of the year, have been calculated on a separate-entity basis for the companies which are fully consolidated. According to this:

	1 January- 31 December 2021	1 January- 31 December 2020
Current income tax liability	2.673	383
Prepaid income tax	(14)	(251)
	2.659	**132**

Tax income / (expenses) reported in the income statement for the years ending on 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Current period corporation tax	(11.377)	(5.197)
Deferred tax income / (expenses)	(3.895)	10.220
Total tax income / (expenses)	**(15.272)**	**5.023**

Under the "Law on the Amending of the Law on the Procedure for the Collection of Public Receivables and Certain Laws" Number 7316 that took effect with its promulgation in the Official Gazette dated 22 April 2021, the corporate tax rate has been increased from 20% to 25% for 2021 and to 23% for 2022. In accordance with this new law that has become effective, deferred tax assets and liabilities have been calculated at the period tax rate for such periods in which the assets will be realized or the liabilities fulfilled. For 2023 and later periods, cancellations of temporary differences will be calculated at 20%.

The reconciliation of tax income / (expense) is as follows:

	2021	2020
Pre-tax profit / (loss)	**212.616**	**(61.433)**
Tax computed at the parent company's tax rate on profit / (loss) before tax	(53.154)	13.515
Non-deductible expenses	(4.084)	(3.879)
Tax exempt income	1.157	1.103
Tax effect of fair value gain	36.931	6.489
Effect of financial losses for which deferred tax assets had not previously been recognized	27.366	--
Losses not recognized as deferred tax	(9)	(17.975)
Effect of change in tax rate	1.050	(1.991)
Permanent differences	(23.198)	7.273
Other	(1.331)	488
Total tax income / (expenses)	**(15.272)**	**5.023**

Breakdown of the tax assets and liabilities as of 31 December 2021 and 2020 calculated based on the current tax rates:

	Deferred Tax Assets		Deferred Tax Liabilities	
	2021	2020	2021	2020
Deductible financial losses	68.981	51.936	--	--
Debt provisions	11.233	7.858	--	--
Provision for severance payment	5.602	5.386	--	--
Provision for rehabilitation and closure of the mine sites	4.139	3.537	--	--
Provision for advances paid and doubtful receivables	629	700	--	--
Tangible and intangible assets	--	1.655	(5.608)	--
Goodwill amortization in statutory books	--	--	(27.488)	(27.488)
Investment properties	--	--	(67.277)	(43.998)
Other assets and liabilities	176	18	--	--
Total deferred tax asset / (liability)	90.760	71.090	(100.373)	(71.486)
Offset amount	(34.088)	(44.539)	34.088	44.539
Total deferred tax asset / (liability)	**56.672**	**26.551**	**(66.285)**	**(26.947)**

The Company and its subsidiaries domiciled in Turkey are subject to the tax legislation and implementations applicable in Turkey. Corporate tax is declared by the evening of the twenty-fifth day of the fourth month following the end of the accounting period to which it relates and is paid in a single instalment by the end of the month in question.

Since 1 January 2021, corporate tax in Turkey has been applied at the rate of 20% to the statutory tax base arrived at by adding expenses that are non-deductible pursuant to tax laws to entities' commercial earnings and deducting the exemptions included in tax laws. However, under Article 11 of the Law on the Amending of the Law on the Procedure for the Collection of Public Receivables and Certain Laws Number 7316 that took effect with its promulgation in edition 31462 of the Official Gazette dated 22 April 2021 and Temporary Article 13 that was appended to the Corporate Tax Law number 5520, provision has been made for application of the corporate tax rate of 25% to 2021 taxation period corporate earnings and 23% to 2022 taxation period corporate earnings. This amendment applied to the taxation of corporate earnings from periods starting on 1 January 2021 so as to commence with returns that required to be submitted from 1 July 2021 onwards. Since the tax rate change took effect from 22 April 2021, the tax rate of 25% has been used to calculate period tax in the 31 December 2021 consolidated financial statements.

In view of the said amendment, temporary tax assets and liabilities have been calculated in the 31 December 2021 consolidated financial statements for the portions of the temporary differences that will have a tax effect in 2022 and subsequent periods at the rates of 23% and 20% respectively.

The applicable rate of tax in the UK as of 31 December 2021 is 19% and the Group has used this rate in calculating tax assets in financial statements pertaining to its subsidiaries trading in the UK.

Tax legislation in Turkey does not permit the Company and its subsidiaries to complete consolidated tax returns. Consequently, the tax provision recognized in financial statements has been calculated separately on a company basis.

According to the Corporate Tax Law, financial losses shown on the return may be deducted from the period corporate tax base provided more than five years have not elapsed. Returns and underlying accounting records may be examined and tax calculations revised by the tax office within five years.

Dividend payments made from joint-stock companies seated in Turkey to natural persons domiciled or non-domiciled in Turkey and to juristic persons non-domiciled in Turkey are subject to 15% income tax apart from those made to persons who are not liable for corporate tax and income tax.

Dividend payments made from joint-stock companies seated in Turkey to joint-stock companies that are also seated in Turkey are not subject to income tax. Moreover, income tax is not calculated if profit is not distributed or is added to capital.

Companies' dividend earnings from the participations due to the contributions to the capital of another corporation with full taxation liability (except dividends which are gained from notes of accession of investment funds and from stocks of investment partnership) are exempt from the corporation tax. Furthermore, a 75% portion of profits arising from the sale of shares in subsidiaries that have been included among corporations' assets for at least two full years and of immovables, founders' shares, dividend right certificates and pre-emptive rights that they have possessed for the same duration has been exempt from corporate tax since 31 December 2017. However, in the case of immovables this portion was reduced from 75% to 50% under an amendment made by Law number 7061 and the portion of 50% is applied in tax returns compiled from 2018 onwards.

In order to benefit from the exemption, the profit must be carried in a liability fund account and not withdrawn from the operation for 5 years. The sales price has to be collected within two years following the sales date.

In Turkey, there is no procedure for an agreement with the tax authority on tax payables. Corporate tax returns are submitted within four months following the month in which the accounting period closes. The authorities charged with examining taxes may examine tax returns and underlying accounting records for a period of five years following the accounting period and may impose further payments at the outcome.

Withheld income tax

A withholding obligation applies to dividend payments and this withholding obligation is applied in the period dividend payments are made. Dividend payments apart from those made to limited taxpayer corporations who derive their income through business premises or a permanent representative in Turkey or to corporations seated in Turkey were subject to a withholding of 15% until 22 December 2021. However, pursuant to Presidential Decree number 4936 that took effect with its promulgation in edition 31697 of the Official Gazette dated 22 December 2021, an amendment was made to the provisions concerning dividends of the Income Tax Law number 193 and Corporate Tax Law number 5520 and the withholding rate was reduced from 15% to 10%.

Further reference is made to the withholding rates included in the relevant Treaties for the Avoidance of Double Taxation as to withholding rates applied to profit distributions made to limited taxpayer corporations and natural persons. The addition of past years' profits to capital is not deemed to be profit distribution and is thus not subject to withholding tax.

Transfer pricing

Transfer pricing regulations in Turkey have been provided for in Article 13 headed "Distribution of concealed earnings through transfer pricing" of the Corporate Tax Law. Implementational details concerning the distribution of concealed earnings through transfer pricing were fleshed out in the 18 November 2007 communiqué.

If the taxpayer has engaged in purchases or sales of goods or services contrary to the arm's length principle with related parties, the earnings are considered to have been fully or partly distributed in a concealed manner through transfer pricing. Such concealed earnings distributed through transfer pricing are treated by law as non-recognized expenses for corporate tax purposes.

The movements in deferred tax income/(loss) for the year ended 31 December 2021 are as follows:

	1 January 2021	Portion recognized in profit or loss	The part recognized in comprehensive income	31 December 2021
Deductible financial losses	51.936	16.780	265	68.981
Debt provisions	7.858	1.117	2.258	11.233
Provision for severance payment	5.386	(131)	347	5.602
Provision for rehabilitation and closure of the mine sites	3.537	602	--	4.139
Provision for advances paid and doubtful receivables	700	(71)	--	629
Tangible and intangible assets	1.655	942	(8.205)	(5.608)
Goodwill amortization in statutory books	(27.488)	--	--	(27.488)
Investment properties	(43.998)	(23.279)	--	(67.277)
Other assets and liabilities	18	145	13	176
Deferred tax assets / (liabilities)	**(396)**	**(3.895)**	**(5.322)**	**(9.613)**

The movements in deferred tax income/(loss) for the year ended 31 December 2020 are as follows:

	1 January 2020	Portion recognized in profit or loss	The part recognized in comprehensive income	31 December 2020
Deductible financial losses	41.738	10.052	146	51.936
Debt provisions	6.327	1.105	426	7.858
Provision for severance payment	4.987	73	326	5.386
Provision for rehabilitation and closure of the mine sites	2.963	574	--	3.537
Provision for advances paid and doubtful receivables	675	25	--	700
Tangible and intangible assets	(2.075)	2.827	903	1.655
Goodwill amortization in statutory books	(27.488)	--	--	(27.488)
Investment properties	(39.186)	(4.812)	--	(43.998)
Other assets and liabilities	(361)	376	3	18
Deferred tax assets / (liabilities)	**(12.420)**	**10.220**	**1.804**	**(396)**

As of 31 December 2021, the Group calculated TL 68.981 thousand (31 December 2020: TL 51.936 thousand) of deferred taxes based on the financial losses of previous years in the amount of TL 333.168 thousand (31 December 2020: TL 259.858 thousand), which are highly likely to be offset from the profits in future years. The distribution of the tax losses carried forward on which deferred tax assets are calculated by their year of expiration is as shown below:

Expiration year	2021	2020
2021	--	209
2022	31.989	8.941
2023	45.326	33.140
2024	141.346	143.851
2025	114.507	70.181
	333.168	**256.322**

* Pursuant to the regulation in England, there is no limit for the use of losses from previous years. Therefore, the aforementioned table does not show the financial losses as of 31 December 2021 for Quercia and NWM, the Group's subsidiaries operating in England, in the amounts of TL 1.797 thousand and TL 577 thousand (2020: TL 2.500 thousand and TL 1.036 thousand), respectively, on which deferred taxes were calculated.

Previous years' financial losses for which deferred tax assets have not been calculated due to the unlikelihood of sufficient taxable profit arising break down as follow as of 31 December 2021:

Year of financial loss	2021	2020
2016	--	50.251
2017	27.964	53.860
2018	--	28.988
2019	3.100	24.867
2020	20.011	64.229
2021	38	--
	51.113	**222.195**

(*) Losses carried forward are not included in the deferred tax asset calculation as of 31 December 2021 of the Group's subsidiaries operating in the UK, Quercia and NWM, in the amount of TL 136.725 thousand and TL 2.685 thousand respectively are not shown in the above table (2020: TL 73.507 thousand and TL 1.644 thousand).

29. EARNINGS / (LOSS) PER SHARE

Earnings / (loss) per share for the accounting periods ending on 31 December 2021 and 2020 are as follows:

	2021	2020
Net profit / (loss) of parent company	**162.885**	**(35.250)**
Weighted average number of issued ordinary shares (lot value is TL 1*)	87.112.463	87.112.463
Weighted average number of issued treasury shares	(520.256)	(520.256)
	86.592.207	**86.592.207**
Profit / (loss) per share computed on net period gain / (loss) of parent company (TL)	**1,8811**	**(0,4071)**

(*) 1 lot is composed of 100 shares.

30. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

30.1 Financial risk management

The Group is exposed to market risk, capital risk, credit risk and liquidity risk, which are composed of foreign currency, cash flow and interest rate risks because of its operations. The Group's risk management policy is focused on unexpected changes in the financial markets.

The financial risk management policy is carried out by the top management and finance department of Çimentaș in accordance with the policies and strategies approved by the Board of Directors. The Board of Directors prepares policies and principles of a general nature to manage credit, liquidity, interest and capital risks in particular and monitors the financial and operational risks in detail.

The aims that are determined by the Group to manage financial risks can be summarized as follows:

- Maintaining the sustainability of the cash flows provided from the Group's operations and main assets effectively by considering the currency and interest rate risks,
- Keeping sufficient sources of borrowings ready to be used effectively and efficiently when necessary in appropriate conditions of type and maturity,
- Keeping the risks from others at the minimum level and monitoring them effectively.

Risk management framework

The Board of Directors of the Company is responsible in general terms for determining and monitoring the risk management framework of the Group. The Board of Directors has established a Committee for Early Risk Detection responsible for improving and monitoring the risk management policies of the Group. The committee reports its activities to the Board periodically.

The risk management policies of the Group are determined with the purpose of detecting and analysing possible risks, determining appropriate risk limits and establishing their controls, and monitoring risks and making sure they remain within the limits. Risk management policies and systems are regularly reviewed to reflect changes in the Group's operations and market conditions. The Group aims to develop a disciplined and constructive control environment where all employees understand their roles and responsibilities through training and management standards and procedures.

The Group Auditing Committee, monitors management in terms of compliance with the risk management policy and procedures of the Group and provides support to fulfil the risk management framework. The internal audit department regularly evaluates risk management policies and procedures and reports the results to the Audit Committee.

30.1.1 Credit risk

Having financial assets also brings the risks that the counterparty may not obey the rules of the agreements. The Group administration manages these risks by limiting the average risk related to the other party (except for related parties) in the agreement getting guarantees when necessary. The Group manages these risks which can arise from customers, by updating the determined credit limits within specific periods. The Group uses credit limits, and the credit quality of customers is evaluated considering the customer's financial position, past experiences, market recognition and other factors.

	Receivables						
	Trade Receivables		Other Receivables				
Current Period 31 December 2021	Related Party	Other Party	Related Party	Other Party	Deposits at Banks	Derivative Instruments	Other Liquid Assets
Maximum credit risk to be exposed to as of the reporting date (A+B+C+D)	**319**	**473.006**	**175**	**6.422**	**83.805**	**--**	**6.020**
- Part of the maximum credit risk, secured by guarantee, etc.	--	326.507	--	--	--	--	--
A. Net carrying amounts of financial assets that are not overdue nor impaired	319	446.144	175	6.422	83.805	--	6.020
B. Net carrying amount of financial assets that are overdue but not impaired	--	26.862	--	--	--	--	--
C. Net carrying amount of the impaired assets	--	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	11.905	--	--	--	--	--
- Impairment (-)	--	(11.905)	--	--	--	--	--
- Part of the net value, secured by guarantee, etc.	--	--	--	--	--	--	--
- Not overdue (gross carrying amount)	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--
- Part of the net value, secured by guarantee, etc.	--	--	--	--	--	--	--
D. Off-balance sheet items with credit risk	--	--	--	--	--	--	--

	Receivables						
	Trade Receivables		Other Receivables				
Current Period 31 December 2020	Related Party	Other Party	Related Party	Other Party	Deposits at Banks	Derivative Instruments	Other Liquid Assets
Maximum credit risk to be exposed to as of the reporting date (A+B+C+D)	**15.868**	**328.935**	**52**	**5.807**	**77.496**	**--**	**2.702**
- Part of the maximum credit risk, secured by guarantee, etc.	--	223.341	--	--	--	--	--
A. Net carrying amounts of financial assets that are not overdue nor impaired	15.868	290.768	52	5.807	77.496	--	2.702
B. Net carrying amount of financial assets that are overdue but not impaired	--	38.167	--	--	--	--	--
C. Net carrying amount of the impaired assets	--	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	14.147	--	--	--	--	--
- Impairment (-)	--	(14.147)	--	--	--	--	--
- Part of the net value, secured by guarantee, etc.	--	--	--	--	--	--	--
- Not overdue (gross carrying amount)	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--
- Part of the net value, secured by guarantee, etc.	--	--	--	--	--	--	--
D. Off-balance sheet items with credit risk	--	--	--	--	--	--	--

As a result of the Group administration's evaluation considering the past experiences and subsequent period collections, there is no collection risk for the trade receivables which are overdue but not impaired; while maturity of the financial instruments which are overdue but not impaired is as follows:

Current Period 31 December 2021	Receivables		Deposits at Banks	Derivative Instruments	Other Liquid Assets
	Trade Receivables	Other Receivables			
Past due 1-30 days	23.231	--	--	--	--
Past due 1-3 months	1.845	--	--	--	--
Past due 3-12 months	291	--	--	--	--
Past due 1-5 years	1.231	--	--	--	--
Past due more than 5 years	264	--	--	--	--
	26.862	**--**	**--**	**--**	**--**

Current Period 31 December 2020	Receivables		Deposits at Banks	Derivative Instruments	Other Liquid Assets
	Trade Receivables	Other Receivables			
Past due 1-30 days	24.263	--	--	--	--
Past due 1-3 months	5.991	--	--	--	--
Past due 3-12 months	3.788	--	--	--	--
Past due 1-5 years	3.861	--	--	--	--
Past due more than 5 years	264	--	--	--	--
	38.167	**--**	**--**	**--**	**--**

30.1.2 Liquidity Risk

Prudential liquidity risk management means keeping adequate cash and marketable securities, utilization of fund sources by means of adequate borrowing transactions and the power to close out the market positions. The liquidity risk for existing and prospective debt requirements is managed by sustaining adequate amount of accessibility to the Group's own lenders and to the funds created from the operations. The Group administration closely follows the collection from its customers in order to ensure uninterrupted liquidity, tries to prevent any financial burden on the Group in case of late payments and arranges available cash and non-cash credit limits through arrangements with banks when the Group is in need. In addition, the Group's liquidity management policy includes preparation of cash flow projections per cement production plants and monitoring and evaluation of the liquidity ratios by comparing them with budgeted ratios.

The Group's financial liabilities and contractual outflows from those liabilities in respect of their maturities as of 31 December 2021 and 2020 are as follows:

31 December 2021 Contractual maturities	Carrying Amount	Total contractual cash outflows (=I+II+III+IV)	Less than 3 months (I)	Between 3 - 12 months (II)	Between 1 - 5 Years (III)	More than 5 Years (IV)
Non-derivative Financial Liabilities						
Bank loans	72.700	72.862	72.862	--	--	--
Payables form Leasing Transactions	33.567	45.971	6.705	19.020	20.246	--
Trade Payables	599.811	601.859	597.230	4.629	--	--
Other Payables(*)	155.120	155.279	140.084	15.195	--	--
Total	**861.198**	**875.971**	**816.881**	**38.844**	**20.246**	**--**

(*) Deposits and guarantees received are not included in other payables.

31 December 2020 Contractual maturities	Carrying Amount	Total contractual cash outflows (=I+II+III+IV)	Less than 3 months (I)	Between 3 - 12 months (II)	Between 1 - 5 Years (III)	More than 5 Years (IV)
Non-derivative Financial Liabilities						
Payables form Leasing Transactions	28.102	31.737	5.953	16.279	9.505	--
Trade Payables	302.020	303.766	299.456	4.310	--	--
Other Payables(*)	155.487	156.874	81.095	75.779	--	--
Total	**485.609**	**492.377**	**386.504**	**96.368**	**9.505**	**--**

(*) Deposits and guarantees received are not included in other payables.

30.1.3 Market Risk

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from exchange rate changes through translating asset and liability amounts in foreign currency to TL. The Group follows a policy for stabilizing its foreign exchange position in order to reduce the exchange rate risk. Existing risks are monitored and the exchange rate position of the Group is followed up in the meetings regularly held by the Group's Auditing Committee and the Board of Directors.

	31 December 2021					31 December 2020				
	TL Equivalent	USD	Euro	GBP*	Other	TL Equivalent	USD	Euro	GBP*	Other
1. Trade Receivables	58	1	3	--	--	8.632	1.176	--	--	--
2a. Monetary Financial Assets (Including Cash and Bank Accounts)	48.549	3.030	541	--	--	67.852	9.208	29	--	--
2b. Non-Monetary Financial Assets	--	--	--	--	--	--	--	--	--	--
3. Other	--	--	--	--	--	--	--	--	--	--
4. Current Assets (1+2+3)	**48.607**	**3.031**	**544**	**--**	**--**	**76.484**	**10.384**	**29**	**--**	**--**
5. Trade Receivables	--	--	--	--	--	--	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--	--	--	--	--	--	--
6b. Non-Monetary Financial Assets	--	--	--	--	--	--	--	--	--	--
7. Other	--	--	--	--	--	--	--	--	--	--
8. Non-Current Assets (5+6+7)	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
9. Total Assets (4+8)	**48.607**	**3.031**	**544**	**--**	**--**	**76.484**	**10.384**	**29**	**--**	**--**
10. Trade Payables	221.908	9.278	6.483	2	--	103.081	6.870	5.844	1	--
11. Financial Liabilities	15.179	--	1.004	--	--	76.342	--	8.475	--	--
12a. Other Monetary Liabilities	76	--	5	--	--	--	--	--	--	--
12b. Other Non-Monetary Liabilities	--	--	--	--	--	--	--	--	--	--
13. Short Term Liabilities (10+11+12)	**237.163**	**9.278**	**7.492**	**2**	**--**	**179.423**	**6.870**	**14.319**	**1**	**--**
14. Trade Payables	--	--	--	--	--	--	--	--	--	--
15. Financial Liabilities	--	--	--	--	--				--	--
16a. Other Monetary Liabilities	--	--	--	--	--	--	--	--	--	--
16b. Other Non-Monetary Liabilities	--	--	--	--	--	--	--	--	--	--
17. Long Term Liabilities (14+15+16)	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
18. Total Liabilities (13+17)	**237.163**	**9.278**	**7.492**	**2**	**--**	**179.423**	**6.870**	**14.319**	**1**	**--**
19. Net Asset/(Liability) Position of Off- Balance Sheet Derivative Instruments (19a-19b)	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
19a. Off-Balance Sheet Foreign Currency Derivative Characterized as Assets	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
19b. Off-Balance Sheet Foreign Currency Derivative Characterized as Liabilities	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**(188.556)**	**(6.247)**	**(6.948)**	**(2)**		**(102.939)**	**3.514**	**(14.290)**	**(1)**	**--**
21. Net Foreign Currency Asset / (Liability) Position of Monetary Items (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(188.556)**	**(6.247)**	**(6.948)**	**(2)**	**--**	**(102.939)**	**3.514**	**(14.290)**	**(1)**	**--**
22. Fair Value of Financial Instruments Used in Foreign Currency Hedges	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
23. Hedged Foreign Currency Assets	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
24. Hedged Foreign Currency Liabilities	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**

(*) The British Sterling exchange risk for the subsidiaries whose current currency is not British Sterling is shown in the column.

31 December 2021

	Foreign Exchange Risk Sensitivity Analysis			
	Profit / (Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Assumption of devaluation/appreciation by 10% of USD against TL				
1- Net asset / liability of USD	(8.349)	8.349	--	--
2- USD risk hedged (-)	--	--	--	--
3- USD net effect (1+2)	**(8.349)**	**8.349**	**--**	**--**
Assumption of devaluation/appreciation by 10% of EUR against TL				
4- Net asset / liability of EURO	(10.503)	10.503	--	--
5- EURO risk hedged (-)	--	--	--	--
6- Euro net effect (4+5)	**(10.503)**	**10.503**	**--**	**--**
Assumption of devaluation/appreciation by 10% of GBP against TL				
7- Net asset/liability of GBP	(4)	4	--	--
8- GBP risk hedged (-)	--	--	--	--
9- GBP net effect (7+8)	**(4)**	**4**	**--**	**--**
Assumption of devaluation/appreciation by 10% of other foreign currencies against TL				
10- Net asset / liability of other currency	--	--	--	--
11-The part protected from other currency risks (-)	--	--	--	--
12-Other currency net effect (10+11)	**--**	**--**	**--**	**--**
Total (3+6+9+12)	**(18.856)**	**18.856**	**--**	**--**

31 December 2020

	Foreign Exchange Risk Sensitivity Analysis			
	Profit / (Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Assumption of devaluation/appreciation by 10% of USD against TL				
1- Net asset / liability of USD	2.579	(2.579)	--	--
2- USD risk hedged (-)	--	--	--	--
3- USD net effect (1+2)	**2.579**	**(2.579)**	**--**	**--**
Assumption of devaluation/appreciation by 10% of EUR against TL				
4- Net asset / liability of EURO	(12.872)	12.872	--	--
5- EURO risk hedged (-)	--	--	--	--
6- Euro net effect (4+5)	**(12.872)**	**12.872**	**--**	**--**
Assumption of devaluation/appreciation by 10% of GBP against TL				
7- Net asset/liability of GBP	(1)	1	--	--
8- GBP risk hedged (-)	--	--	--	--
9- GBP net effect (7+8)	**(1)**	**1**	**--**	**--**
Assumption of devaluation/appreciation by 10% of other foreign currencies against TL				
10- Net asset / liability of other currency	--	--	--	--
11-The part protected from other currency risks (-)	--	--	--	--
12-Other currency net effect (10+11)	**--**	**--**	**--**	**--**
Total (3+6+9+12)	**(10.294)**	**10.294**	**--**	**--**

Interest rate risk

The Group's financial assets and liabilities designated at fair value through profit and loss and the fair value hedge accounting model reported in the hedging derivative instruments (interest rate swaps) are not available. Hence, the change in interest rates will not affect profit or loss of the Group in the reporting period.

	2021	2020
Financial instruments with fixed interest rate		
Financial assets	24.027	42.033
Financial liabilities	121.447	102.868
Financial instruments with floating interest rate		
Financial assets	--	--
Financial liabilities	139.776	80.594

Price risk

The Group's operational profitability and cash inflows generated by operations are affected in line with the competition in the cement and ready mixed concrete sector and changes in raw material prices, and the Group administration follows these price changes and takes remedial measures to reduce the pressure of costs on prices. Related risks are monitored through meetings held by the Early Detection of Risk Committee of the Group.

30.1.4 Capital Risk

While managing capital, the Group's aim is to keep sustainability of the Group's operations with the most appropriate capital structure to minimize the cost of capital and to provide earnings and benefit to its shareholders.

The Group can change the amount of the dividends to shareholders, return the capital to shareholders, issue new bonds and sell assets to reduce their debt rates in order to maintain the capital structure or to recapitalize. In parallel with other companies in the industry, the Group monitors the capital with reference to the debt/equity ratio. This ratio is calculated by dividing the net debt by equity. Net debt is calculated by deducting cash and cash equivalents from total debt (including other financing debt).

	31 December 2021	31 December 2020
Total financial debt (Notes 5.4, 5.5 and 7)	261.223	183.462
Less: Cash and Cash Equivalents (Note 6)	(89.907)	(80.242)
Net debt	171.316	103.220
Total equity	1.422.915	1.144.460
Debt / equity ratio	**12%**	**9%**

30.1.5 Fair value of financial instruments

The Group determines the fair values of financial instruments by using its current market data knowledge and appropriate valuation methods. However, since judgement may be required in determining fair value, fair values may not reflect the amounts that may appear in the existing market. Considering that the fair values of the financial assets and liabilities, including receivables from cash and banks, other financial assets and other short-term financial liabilities, which are measured at amortized cost using the effective interest method interest, are short-term in nature and the possible losses may be immaterial, the Group administration has assessed that they are close to their reported values.

31. FINANCIAL INSTRUMENTS (DISCLOSURES FOR FAIR VALUE AND HEDGE ACCOUNTING)

Classification of Financial Instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best valued by a quoted market price, if one exists. The methods and assumptions below are used for estimating the fair values of financial instruments whose fair values can be determined:

Financial assets

It is accepted that the fair values of foreign currency balances which are translated from the year end rates are close to the carrying amounts. Cash and cash equivalents are shown with their fair values. It is also assumed that the current market values of trade and related party receivables are close to the carrying amounts of their fair values as they are short-dated.

Financial liabilities

Trade payables, due to related parties and other financial liabilities are estimated to be measured at amounts close to their fair values at amortized cost; and the fair value of foreign currency balances translated with year-end exchange rate is accepted as being close to their reported values.

32. NON-CONTROLLING INTERESTS

As of 31 December 2021, information on the non-controlling interests in subsidiaries, including the Group's non-controlling interests at significant levels, is as follows:

as Thousand TL	Recydia	Kars Çimento	Çimbeton	Other individual immaterial subsidiaries
Percentage of non-controlling interests	**48,28%**	**58,45%**	**49,69%**	
Non-current assets	287.634	366.471	77.804	126.106
Current assets	162.115	282.355	177.584	83.993
Long-term liabilities	(9.032)	(9.758)	(11.383)	(44.132)
Short-term liabilities	(163.511)	(48.848)	(211.256)	(214.589)
Net assets	**277.206**	**590.220**	**32.749**	**(48.622)**
Carrying amount of non-controlling interests	**(22.306)**	**345.356**	**12.999**	**(66.104)**
Revenue	293.802	129.313	454.543	249.504
Profit / (Loss)	38.816	32.448	2.381	(6.123)
Other comprehensive income / (expenses)	2	(72)	(248)	(9.756)
Total comprehensive income / (expenses)	**38.818**	**32.376**	**2.133**	**(15.879)**
Profit / (loss) allocated to non-controlling interests	16.388	19.021	1.674	(2.624)
Other comprehensive income/(expenses) allocated to non-controlling interests	1	(42)	(123)	(4.556)

As of 31 December 2020, information on the non-controlling interests in subsidiaries, including the Group's non-controlling interests at significant levels, is as follows:

as Thousand TL	Recydia	Kars Çimento	Çimbeton	Other individual immaterial subsidiaries
Percentage of non-controlling interests	**%48,28**	**%58,45**	**%49,69**	
Non-current assets	251.156	361.456	66.884	81.037
Current assets	97.689	229.529	116.300	66.875
Long-term liabilities	(8.487)	(7.713)	(7.507)	(25.837)
Short-term liabilities	(101.912)	(25.430)	(145.063)	(120.045)
Net assets	**238.446**	**557.842**	**30.614**	**2.030**
Carrying amount of non-controlling interests	**(55.075)**	**326.378**	**11.450**	**(42.521)**
Revenue	177.312	90.703	245.788	182.826
Profit / (Loss)	(42.457)	13.569	(13.306)	(3.261)
Other comprehensive income / (expenses)	(175)	(261)	(152)	(441)
Total comprehensive income / (expenses)	**(42.632)**	**13.308**	**(13.458)**	**(3.702)**
Profit / (loss) allocated to non-controlling interests	(20.968)	7.959	(6.241)	(1.910)
Other comprehensive income/(expenses) allocated to non-controlling interests	(84)	(153)	(76)	(88)

33. FEES IN RESPECT OF SERVICES PROCURED FROM THE INDEPENDENT AUDITOR/INDEPENDENT AUDITING BODY

The Group's declaration concerning fees for services rendered by independent auditing bodies that it has prepared on the basis of the KGK's Board Resolution promulgated in the repeat edition of the Official Gazette dated 30 March 2021 and guided by the rules in the KGK's letter of 19 August 2021 is as follows:

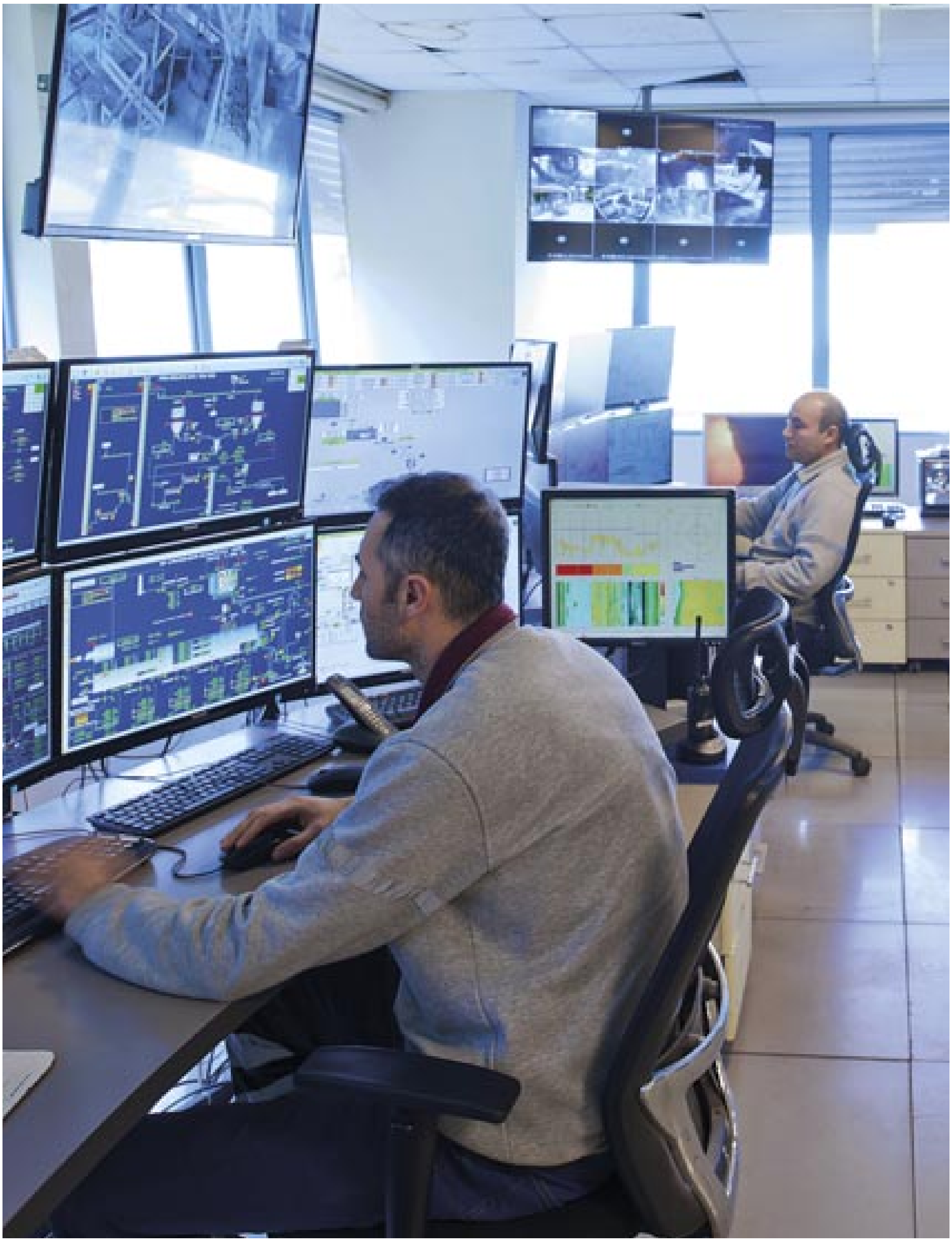
	31 December 2021	31 December 2020
Independent audit fees for the reporting period	899	733
	899	**733**

34. SUBSEQUENT EVENTS

None.

2021 PROFIT DISTRIBUTION PROPOSAL

In accordance with Capital Markets Board Communiqué dated January 23, 2014 and No: II-19.1, it has been resolved to make a suggestion to the General Assembly, not to distribute profits since there is not any amount that can be subject to distribution after deducting previous years' losses from the current period profit in the statutory records of the Company.



ÇİMENTAŞ GROUP

Çimentaş İzmir Çimento Fabrikası Türk A.Ş. ("Çimentaş")

Having been established as the 1st cement factory of the region in 1950, Çimentaş produces clinker in 2 kilns and cement in 4 mills located in the İzmir plant. With its 70 years of history Çimentaş is one of the fundamental establishments of the sector and the region.

Çimentaş İzmir Çimento Fabrikası Türk A.Ş. Trakya Branch ("Trakya Çimento")

Trakya Çimento was acquired from the Savings Deposit Insurance Fund in the final days of 2005 through an Asset Sale transaction. It has been structured and organized as the Trakya Branch of Çimentaş İzmir Çimento Fabrikası Türk A.Ş. Thus, Çimentaş has entered the biggest cement market of the country and has created new opportunities in terms of exports to neighbouring countries.

Kars Çimento Sanayi ve Ticaret A.Ş. ("Kars Çimento")

Kars Çimento joined the group in 1996 by acquisition from the Privatization Administration in accordance with the concept of "corporate responsibility". It is a profitable and efficient establishment in the region in terms of its economic and social situation.

Çimbeton Hazırbeton ve Prefabrik Yapı Elemanları San. ve Tic. A.Ş. ("Çimbeton")

Founded in 1986, Çimbeton A.Ş. is the leading supplier in the region of the ready mixed concrete market. The company, which indicates the place, meaning and characteristics of the RMC in the construction sector, became the most important institution of the regional market. It is one of the profitable and productive companies of the sector.

İlion Çimento İnşaat Sanayi ve Ticaret Ltd. Şti. ("İlion Çimento")

İlion Çimento joined the Group in 2007 and has operations in Soma Seaş Thermal Power Plant to meet the fly ash requirements of Çimentaş and Çimbeton. Since the operations of the Company are no longer needed, it was decided to liquidate İlion Çimento at the General Assembly held on 10 December 2021, and the liquidation process continues.

Recydia Atık Yönetimi, Yenilenebilir Enerji Üretimi, Nakliye ve Lojistik Hizmetleri Sanayi ve Ticaret A.Ş. ("Recydia")

Recydia founded in 2009, with the aim of gaining various advantages from the supply and usage of alternative fuel in order to diversify and optimize the energy resources of the Group.

The Company merged with Elazığ Altınova Çimento Sanayi Ticaret A. Ş., Bakırçay Çimento Sanayi ve Ticaret A. Ş. and Hereko Istanbul 1 Atık Yönetimi Nakliye Lojistik Elektrik Üretim Sanayi ve Ticaret A. Ş. on 31.12.2014 in accordance with Turkish Commercial Code Article 136.

Recydia Atık Yönetimi, Yenilenebilir Enerji Üretimi, Nakliye ve Lojistik Hizmetleri Sanayi ve Ticaret A.Ş. Elazığ Çimento Branch ("Elazığ Çimento")

Elaziğ Çimento was acquired under a OYAK-GAMA Joint Venture in September 2006. It is one the leading establishments in terms of economic and social development of its region. The Company merged with Recydia A.Ş. in 2014 and has continued its activities as Recydia A.Ş. Elazığ Çimento Branch.

Süreko Atık Yönetimi, Nakliye, Lojistik, Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Süreko")

The company was acquired by our subsidiary Recydia A.Ş. in 2009, provides waste disposal services to industrial companies and private sector enterprises in line with the principle ''Reliable Waste Management'' with its plant in Manisa-Kula.

Destek Organizasyon Temizlik Akaryakıt Tabldot Servis San. ve Tic. A.Ş. ("Destek")

Destek operates gas service stations and the Company is a profitable and efficient organization that creates resources for Çimentaş Education and Health Foundation with its revenues.

Ege Kırmataş Madencilik İnşaat Lojistik Sanayi ve Ticaret A.Ş. ("Ege Kırmataş")

100% shares of Ege Kırmataş were acquired by Çimentaş on 23 November 2021. The company operates in the field of aggregate production and sales.

Çimentaş Education and Health Foundation

Çimentaş Education and Health Foundation was founded in 1986 and received tax-exempt status in 1992. Establishing an education facility as a result of new policies it has produced, the Foundation continues to provide educational support to young people.

Çimentaş İzmir Çimento Fabrikası Türk A.Ş.

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