

2021 ANNUAL REPORT

AKÇANSA



Always Better
TOGETHER

2021
ANNUAL
REPORT

AKÇANSA

Akçansa took over a long-standing corporate history with a vision focusing on a promising future and has been carrying out all its business activities with an innovative approach for a quarter of a century. Akçansa has been leading the sector for all those years and will continue to do so in the future. All Akçansa operations are focused on people and the primary goal of these operations is to help building a happier society and stronger Turkey.



**FOCUSED ON PEOPLE,
AIMING FOR
STRONG TURKEY!**

HeidelbergCement, one of the world's leading building materials manufacturers, has been inspiring the sector with its pioneering work for 150 years. HeidelbergCement products are used for building houses, roads, commercial and industrial buildings and environmental responsibility is at the heart of all its operations.

HeidelbergCement is one of the sector's pioneering organizations when it comes to carbon neutralization and it is distinguished from other firms by its goal of producing climate-neutral concrete by year 2050 and its agile structure. HeidelbergCement encourages innovation with its customers and business partners as well as working on innovative building materials of the future. Akçansa has a role in HeidelbergCement's innovative journey.

HEIDELBERGCEMENT

Sabancı Group reinforces its role as a global player by contributing to a sustainable future and continues to create lasting value for its stakeholders and for the Turkish economy. The Group combines a powerful financial structure, dynamic portfolio management and reliable governance model with an innovation & technology-driven business approach and achievement of a significant level of growth in its primary business segments as well as seizing key opportunities in new growth platforms. Sabancı Group sees sustainability as the core principle of making investment decisions, and strong growth & return offered to stakeholders as the driving force, and the Group harmonizes Turkey and the world for a sustainable life through pioneering initiatives. Excelling on a foundation of global experience, high performance culture and value-driven ecosystem built in 94 years, Sabancı Group approaches its second century with dedicated and strategic steps accelerating its growth and transformation. Akçansa, the leading building materials company in Turkey, has the vision of sustainable growth beyond borders and this vision makes the company one of the key building blocks in the ecosystem of Sabancı Group.

SABANCI

2021

ANNUAL REPORT

Agenda of General Meeting	10
A sublime story of success.....	12
Facility Capacities.....	14
Financial and Operational Indicators.....	16

SECTION 1: WE ARE BUILDING BLOCK OF OUR COUNTRY

Message from Board of Directors Chairman.....	18
Board of Directors	22
Executive Committee	24
Sector Information	26
Sales	30
Production.....	32
Port Services	34

SECTION 2: INNOVATION IS IN OUR DNA

Digital Transformation.....	38
R&D Activities	44
Product-Development and Quality	46
Special Products.....	48

SECTION 3: ALL WE DO IS FOR FUTURE GENERATIONS: SUSTAINABILITY

Sustainability.....	60
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SECTION 4: PEOPLE FIRST

Akçansa Human Resources Strategy	68
Occupational Health and Safety.....	78
Social Projects	82

SECTION 5: CORPORATE GOVERNANCE

Board of Directors' Annual Activity Report.....	86
Corporate Governance Compliance Report	108
Consolidated Financial Tables and Independent Auditor Report	125

2021 ORDINARY GENERAL ASSEMBLY MEETING AGENDA

1. Opening and Election of Presidency Council
2. Review of 2021 BOD Activity Report and Discussion
3. Review of 2021 Auditor's Reports
4. Review of 2021 Financial Statements, discussion and approval
5. Temporary Members appointed for vacant seats in the BOD will be submitted to the General Assembly for approval
6. Release of BOD Members from their affairs in 2021
7. Resolving on Method of Using 2021 Profits, Dividend and Revenue Share Ratios to be Distributed
8. Fixing Remunerations, Attendance Fees, Premiums, Bonuses and such other rights of the BOD Members
9. Election of Auditor
10. Briefing the General Assembly about donations and grants paid in 2021 and approval
11. Setting a limit for donations to be made by the Company in 2022
12. Briefing the General Assembly about Compensation Policy for the BOD and Senior Management
13. Authorizing the BOD Chairman and Members to do formalities listed in Articles 395 and 396 of the Turkish Commercial Code
14. Wishes and expectations

29 April 2022

At 10:00



A SUBLIME STORY OF SUCCESS

Akçansa is a company that designs projects for building the promising tomorrows of Turkey as well as significantly contributing to the future of this sector with its R&D studies, and striving to offer sustainable benefit to its personnel and to the community with a people-oriented approach, and the Company is recognized by national and international organizations for its efforts.

"Alternative Fuel Project" of Samsun Ladik Plant competed on Brainstorming Awards organized by HeidelbergCement and was the winner of Africa-East Mediterranean Region in "Continuous Development" category.

Akçansa received three awards from Turkish İMSAD (Association of Turkish Construction Material Producers) Investment For Future Awards. "We are the solution partners of Istanbul's Waste" Project and "Smart Concrete" Project were the winners of the Environment and Economy Categories, respectively. "My Neighbourhood" Project won the runner-up prize in the Social category.

Akçansa Büyükçekmece Plant and Betonsa Gebze Ready-Mixed Concrete Plant updated their "Sustainability Certificates in Responsible Use of Resources" and reached the Gold Level.

Smart Concrete is an innovative product designed by Akçansa and the product, which inspires the sector in digitalization and innovation areas, received the Bronze Award from 2021 International Stevie Awards in Consumer Goods - Durability category.

Akçansa "2020 Annual Report" was drafted for highlighting importance on responsible use of sources for a sustainable future and the Report received the Silver Award in LACP Awards, a program recognized as one of the world's most prestigious public relations and communication competitions.

Akçansa proudly announced that Samsun Ladik Plant completed two years without any record of accident with "Zero Loss in Two Years, 100 % Trust" motto and won "2020 OHS Performance Award in Cement Sector" from the Cement Industry Employers' Association".

Akçansa's Human Resources practices focusing on the future of business and digitalization scored the highest in the "Best Employer in Europe" category of The Globe Awards and was the winner of Golden Award in Europe.

Akçansa received 2020 Export Champion award in the Clinker category of 3rd Export Champions Award Ceremony organized by the Cement, Glass, Ceramics and Soil Products Exporters' Association (ÇCSİB).

Akçansa increased its score in CDP (Carbon Disclosure Project) 2021 Rating, which is one of the world's richest and most extensive environmental reporting initiatives and its scores in the climate change and water safety programs are now rated B.

7th Istanbul Carbon E-Summit organized by the Sustainable Production and Consumption Association (SÜT-D) awarded Akçansa's "Alternative Fuel for A Sustainable Future" project and the project received "Low Carbon Heroes Award".

Expert System Project launched by Akçansa at Çanakkale Plant automatically produces cement with artificial intelligence. The Expert System Project was awarded by SabancıDx DnA Awards in the following categories: company creating the highest value and project creating the highest value.

Akçansa was the 123rd exporter on the 19th "Top 1000 Exporters of Turkey List 2020" released by the Turkish Exporters Assembly.

Akçansa won the Bronze Stevie from "Stevie Awards for Women in Business", an award program organized for supporting women's involvement and achievements in the professional life all around the world.

Akçansa received the "Best Human Resources Award" from the Best Business Awards which is one of the most prestigious UK award programs focusing on people-oriented pioneering practices.

Akçansa received total 7 awards -4 Gold, 2 Silver and 1 Bronze- from the Stevie Awards for Great Employers Program thanks to its people-oriented practices:

GOLD

Project: Best HR Team

Award: "Employer of the Year"

Project: Mentorship Program with a Professional Doyen
Award: "Success in Coaching and Mentorship" & "Best Team Development Program"

Project: Akçansa Digital Academy

Award: "Best Training Platform"

SILVER

Project: Best HR Team
Project: Akçansa Digital Academy

Award: "HR Team of the Year"
Award: "Best Training Management System"

BRONZE

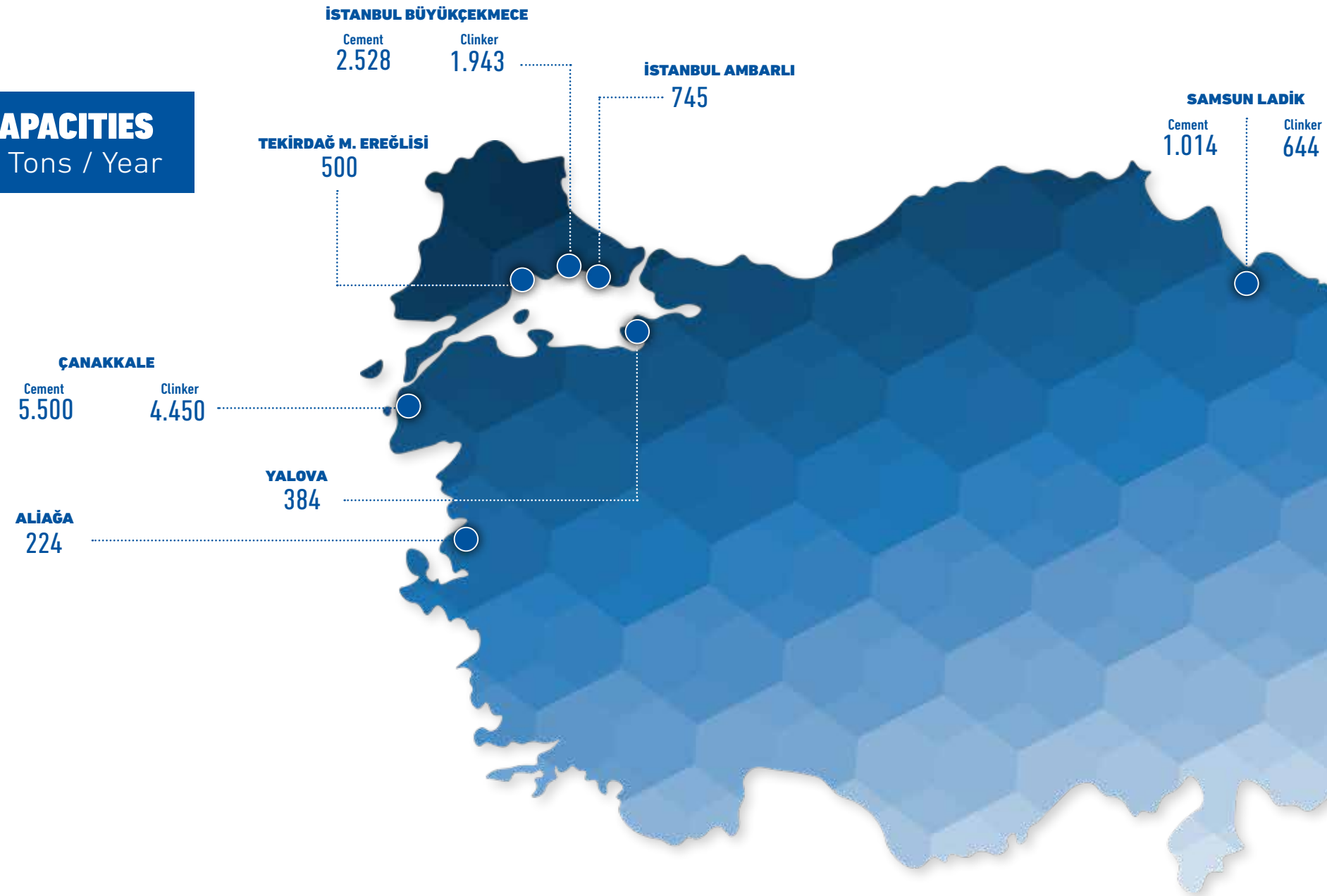
Project: HR Communication

Award: Success in Employer Relations

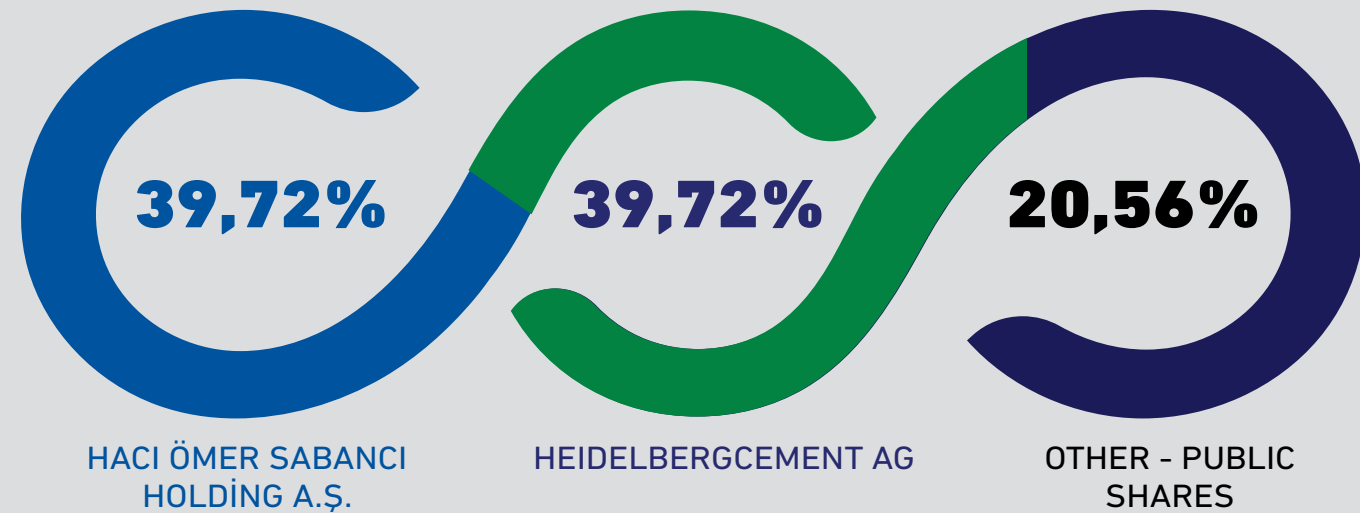
EACH LAUNCH OF A PROJECT, EACH ACHIEVEMENT AND EACH AWARD RECOGNIZING THESE MOTIVATE AKÇANSA "TO DO BETTER" AND MAXIMIZE THE DESIRE TO INVESTMENT IN THE NATIONAL ECONOMY AND OUR PEOPLE.

PLANT CAPACITIES

Thousand Tons / Year



SHAREHOLDING STRUCTURE



PRODUCTION CAPACITY

Cement	Clinker
9,0	7,0
(million tons)	(million tons)

TOTAL ASSETS

3.503,2
(million TRY)

NET SALES

2.871,4
(million TRY)

Akçansa and its successful performance continue to create value for its stakeholders.

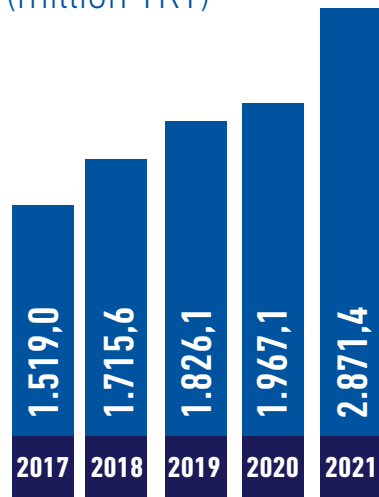
Financial Operational Indicators

SALES (million ton)	2017	2018	2019	2020	2021
Total Cement Clinker	8.0	7.1	7.2	7.5	7.2
Total Cement	7.6	6.5	5.2	5.1	5.9
Domestic	6.6	5.5	3.6	3.4	3.5
Foreign	1.0	1.1	1.6	1.7	2.4
Clinker Total	0,4	0,6	2.0	2.4	1.3
Domestic	0.1	0.0	0.0	0.1	0.0
Foreign	0.3	0.6	2.0	2.4	1,3
Ready Mixed Concrete (million m ³)	3.4	3.0	2.2	2.2	2.5

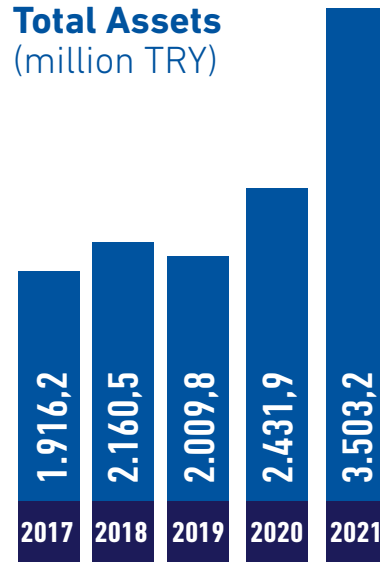
Financial Indicators

(million TRY)	2017	2018	2019	2020	2021
Net Sales	1.519,0	1.715,6	1.826,1	1.967,1	2.871,4
EBITDA	308,5	354,3	244,6	323,1	405,3
EBITDA Margin (%)	20,3	20,7	13,4	16,4	14,1
EBIT	225,5	270,1	147,2	222,1	296,5
EBIT Margin (%)	14,8	15,7	8,0	11,3	10,3
Net Profit	148,7	179,8	75,0	114,8	303,6
Net Financial Borrowing	332,7	289,7	321,6	289,1	525,4
Equity	1.096,9	1.093,7	1.028,9	1.195,4	1.542,6
Total Assets	1.916,2	2.160,5	2.009,8	2.431,9	3.503,2
Earnings per Share	0,8	0,9	0,3	0,6	1,6
Dividend per Share (Gross %)	66,9	79,8	24,2	54,8	48,0

Net Sales
(million TRY)



Total Assets
(million TRY)



HEP BİRLİKTE
Hep Daha İyiye

AKÇANSA, ALTIN YILDIZINI

PARLATMAYA DEVAM EDİYOR!

Akçansa Büyükçekmece Fabrikası ile
Betonsa Gebze Hazır Beton Tesisi
Türkiye Hazır Beton Birliği Kalite Güvence Sistemi
İktisadi İşletmesi (KGS) tarafından verilen
"Kaynakların Sorumlu Kullanımı Sürdürülebilirlik Sertifikalarını"
altın seviyeye yükseltti.



WE ARE BUILDING BLOCKS OF OUR COUNTRY

Since its establishment, Akçansa has been offering services with a sense of responsibility in social, environmental and economic areas. Akçansa's motto is "Because We Are the Building Blocks of Our Country" and it continues to create added value for its country and people with a vision focusing on "sustainable growth beyond all borders".



OUR AGILE STRUCTURE CREATES A DIFFERENCE IN FIELD OF INNOVATION



Burak Orhun
Sabancı Holding
Building Materials
Group President

Dear Stakeholders,

In 2021, impacts of the COVID-19 dominated all geographies all around the world but we managed to move forward consistently towards our goals and use our production capacity fully in all facilities. Although our sector had challenges due to the global increase in energy prices, supply chain problems and fluctuations in exchange rate, total production of the sector grew by 9.2 percent, compared to year 2020. Akçansa produced more than total 6.5 million tons of clinker in Büyükçekmece, Çanakkale and Ladik Plants.

We carried on our operations effectively in 2021 and marked a total of 3.7 million tons in export of high value-added products as well as increasing our sales revenues by 45 percent, up to 2.9 billion TRY. On the other hand, port sector is one of the pillars of our operations and, this year, we were the rising star of this sector. Last year, Akçansa Port earned a record-breaking level of profitability with its transit container warehousing and additional services provided to ships.

CREATING VALUE FOR A SUSTAINABLE FUTURE

While working for the future with a vision focusing on sustainable growth beyond all borders, our operations in all our geographies continue with one principle: "Responsible Operations For Future". As the first Turkish cement company that published a sustainability report, we focus on "people", "environment" and "innovation" and we create value for our economy and all stakeholders along the road to achieve our 2030 Sustainability Goals.

Thanks to our relevant activities, our year-on-year score in Carbon Disclosure Project 2021 Rating, which is one of the world's most diverse

“ So far, and also in 2021, our team spirit and power driven from being a part of Akçansa have been what made us different, and we have implemented several projects for assuring sustainability of the benefit offered to the society ,”

and extensive environmental reporting initiatives, increased and our scores in the climate change and water safety programs are now rated B.

Clean and sustainable energy is one of the key issues in our sector. A brand new era started in October since the Bill of Law, based on the Paris Climate Agreement listing commitments about decreasing the carbon emission rates, was accepted by the Turkish Grand National Assembly. We are striving to support a more sustainable and greener economy compatible with our country's development and climate goals. Our goal to make sure that our sustainability approach & concept can become a part of each ring in our value chain.

Increasing the level of using alternative raw materials and alternative energy resources is one of our priorities. We are above the sector average in alternative fuel use since our level is around 19 percent. One of the key outputs of our sustainability approach was use of alternative fuel in 2021; our energy recovery was equal to 155 thousand tons of fossil fuel. On the other hand, we develop low carbon products to minimize our environmental footprint.

MOVING FORWARD INTO FUTURE WITH INNOVATIVE PROJECTS

In addition to full support offered to our customers with innovative products, we continue to launch pioneering initiatives inspiring our sector with our extensive knowledge in innovation and digital technologies. Our Expert System Project automatically manufactures cement with artificial intelligence and we were the winners of "Company Creating Highest Value" and "Project Creating Highest Value" categories in SabancıDx DnA Awards.

In our 2030 roadmap to sustainability, increasing the number of plants capable of automated production is one of the key goals. Akçansa and its innovative products are distinguished players of our country's mega projects. "1803 Beton" is the product we specially designed for 1915 Çanakkale Bridge and the product, which will be maintenance-free for minimum 100 years, was used on that bridge. Furthermore, our Smart Concrete product allowed us to monitor concrete durability instantly during construction phase of the bridge thanks to the smart sensors embedded in 1803 Beton.

So far, and also in 2021, our team spirit and power driven from being a part of Akçansa have been what made us different and we have implemented several social projects for assuring sustainability of the benefit provided to the society. We take on a key initiative in parallel with our people-oriented approach and take steps empowering women in the society as well as in the professional and economic life. These initiatives are supported with our "Social Gender Equality Manifest" updated and shared with our employees in 2021. We will accelerate our related efforts. On the other hand, occupational safety and occupational health are our top priorities. We strive to create a safe and healthy work environment as well as taking and implementing all kinds of measures.

I would like to take this opportunity to thank all our employees, shareholders, business partners and customers who made this successful journey possible for Akçansa trademark.

Burak Orhun
Chairman



Undergraduate Degree: Boğaziçi University, Department of Economics

Postgraduate Degree: US George Washington University, Department of Finance and University of Pennsylvania - Wharton Business School, Department of Business Administration

Work Experience: Mr. Orhun began his professional life at Mercedes Benz Türk A.Ş. as a Financial Planning and Analyst Specialist. Then, he worked in the United States of America at Thomson Corporation (Reuters), CapitalOne Financial and CadenceQuest, Inc. Companies and had a number of management roles such as, respectively, Finance Manager, Portfolio Management Director, Corporate Development Director and Assistant General Manager - Financial Affairs. He was the General Manager of Oyak Girişim Danışmanlığı Company from 2009 to 2018 and he was responsible for all Merger & Acquisition projects of Oyak Group. During those years, he was also a senior executive, executive director and board chairman at national and international chemicals and energy companies of Oyak Group. In 2018, he joined Sabancı Group as the Head of Sabancı Holding Strategy and Business Development. He was appointed as Sabancı Holding Building Materials Group President in May 2021.

Hakan Gürdal
Vice Chairman



Undergraduate Degree: Yıldız Technical University, Department of Mechanical Engineering

Postgraduate Degree: Istanbul University, Department of International Business

Work Experience: Mr. Gürdal started working at Çanakkale Çimento in 1992. In 1996, he became the Strategy and Business Development Manager of Akçansa and was promoted to Assistant General Manager - Trading in 1997. He was appointed as the General Manager of Akçansa on August 1, 2008. He became the BOD Chairman on September 1, 2014. He was appointed as the Executive Committee Member responsible for HeidelbergCement Group's Africa and Mediterranean Regions on February 1, 2016.

Cevdet Alemdar
Board Member



Undergraduate Degree: Boğaziçi University, Department of Industrial Engineering

Postgraduate Degree: Sabancı University, MBA

Work Experience: He joined Sabancı Holding Family in 1993 and held a number of executive positions at Beksa, Sakosa, Kordsa, Temsa İş Makinaları ve Brisa, respectively. During this era in his career, he made investments in wire products in Turkey for the construction and production sectors. He was the Plant General Managers of foreign subsidiaries operating in the tire industry in Brazil, Thailand and China and Sales & Marketing Leaders of South America and Asia-Pacific Regions. He leaded R&D and Innovation at the Technology and Market Development Vice President of Kordsa. He was the General Manager when Temsa İş Makinaları expanded its operations by receiving distributorship rights of Komatsu İş Makinaları and Volvo Trucks. Then, he was appointed as the CEO of Brisa, a company established as a partnership of Bridgestone and Sabancı Holding and exported to more than 80 countries as the tire and mobility solutions leader in Turkey. He was appointed as the President of Sabancı Holding Industrial Group on April 1, 2020. He is a TUSIAD (Turkish Industry & Business Association) Board Member and Member of Boğaziçi University Alumni Association. He is a Member of Sabancı University Alumni Association and Board Chairman of Brisa, Kordsa, Temsa Motorlu Araçlar and Temsa Ulaşım Araçları Companies in Sabancı Group and, also, a Board Member of Akçansa.

Dr. Carsten Sauerland
Board Member



Undergraduate Degree: University of Mannheim (Germany) and University of Barcelona (Spain), Department of Business Administration

Postgraduate Degree and Doctorate: University of Mannheim, Department of Business Administration

Work Experience: He started his professional life in Frankfurt as an International Tax Consultant and Auditor. In 2010, he started working for HeidelbergCement as the Group's Assistant CFO. He was the Assistant General Manager / Finance of Akçansa between 2012 and 2016. In 2016, he returned to HeidelbergCement Group and worked as the Administrative and Financial Reporting Director. In 2016, he was appointed as a Board Member of Akçansa and represents HeidelbergCement. He became the CEO of HeidelbergCement Trading in 2020.

Mehmet Sami
Independent Board Member



Undergraduate Degree: Kingston University, Department of Economics

Postgraduate Degree: City University, Business Systems Analysis Design

Work Experience: His professional life started in 1988. With his 30-year experience in Corporate Financing and Capital Markets, he has been opening offices in New York and Dubai as well as establishing strategic business partnerships in Germany, USA and Japan since 1994. He delivers speeches and moderates panels in the country and on abroad about the Turkish economy and investment opportunities. Since 1988, he has been working on merger, company partnership, financial partnership, public offering, company appraisal and consultancy projects. He was the pioneering name of financial partnership projects in Turkey; he had an active role in foundation of the Turkey's largest financial partnership fund between 2000 and 2007 and he was on the investment committee for a total number of seven years.

Dr. Markus C. Slevogt
Independent Board Member



Undergraduate Degree: Philipps University of Germany, Department of Business Administration

Postgraduate Degree: Philipps University of Germany, Department of Business Administration

Work Experience: He completed Executive Training Program for Private Bank Executives at NYU Stern School of Business, New York, USA and Executive Transition Programs for General Directorates at Management and Technology School of Berlin and then received his PhD in Banking & Finance from the Philipps University. Since 1998, he has held a number of roles at Deutsche Bank AG, worked as the Regional Market Manager of ING Switzerland S.a. and as the General Manager / Main Asset Management of ING Bank A.Ş. Turkey. He has been serving as an Independent Board Member of several companies since 2012.

M. Zeki Kanadıkırık
General Manager



Undergraduate Degree:
Middle East Technical
University, Department of
Mechanical Engineering

Work Experience: He worked at Brisa between 1989 and 1995, Lubrekip between 1995 and 1998 and had a number of roles. His career continued, first, at DUSA as a project manager and, then, at Kordsa Turkey as a Polymer Production and Complementary Operations Manager between 1998 and 2003. In 2006, he became Line-1 Production Manager at Kordsa Turkey and worked as the Production Director of Kordsa in 2009 and 2010. In 2010, he was appointed as the Operations Director of Thai Indo Kordsa. He was the Assistant General Manager of Asia Pacific Region between 2015 and 2020. He was appointed as the General Manager of Akçansa in September 2020.

Berrin Yılmaz
Assistant General
Manager
Human Resources



Undergraduate Degree:
Middle East Technical
University, Department of
Business Administration

Postgraduate Degree:
Bilkent University, MBA
Program

Work Experience: Ms. Yılmaz began her professional life at Eczacıbaşı Holding as a Human Resources Specialist and worked there between 1995 and 1998. Then, she had the following roles, respectively: Human Resources Manager at Eczacıbaşı-Baxter between 1998 and 2006, Human Resources Director at Roche İlaç and Roche Switzerland Global Human Resources Business Partner between 2006 and 2015, General Manager at Atrain GmbH between 2015 and 2017 and Human Resources Director at Sabancı Holding between 2017 and 2018. She was appointed as the Assistant General Manager of Akçansa - Human Resources in July 2018.

Gilles Covello
*Assistant General Manager
Operations*



Undergraduate Degree:
ENSI Clermont - Ferrand,
Department of Chemical
Engineering

Work Experience: Mr. Covello started his career in 1991 as an Environment and Process Engineer at Ciments Français Gargenville Plant and, then, he worked as a Quality and Kilns Manager at Calcia Beffes Plant between 1993 and 1996. He held the following positions, respectively, between 1996 and 2016 at Italcementi Group Calcia; Production Manager at Beffes Plant, Assistant Plant Manager at Picton Plant, Production Manager at Bussac Plant, Development Manager at Bussac Plant, Production Manager at Couvrot Plant, Plant Manager at Bouin Plant, Plant Manager at Gargenville Plant, Plant Manager at Couvrot Cement Plants and, finally, he worked as the Technical Director of HeidelbergCement Suez Cement Egypt between 2016 and 2019 and he was in charge of 5 integrated plants with 11 Mt/y capacity. He was appointed as the Assistant General Manager - Operations of Akçansa on March 04, 2019.

Ümit Çetin
Assistant General Manager
*Cement Sales,
Marketing and Business
Development*



Undergraduate Degree:
Bilkent University,
Department of Banking
and Finance

Work Experience: Mr. Çetin worked as an Auditor at Ernst & Young in 2007 and 2008, Internal Auditor at Hayat Holding in 2008 and 2009, Internal Audit Executive at Olmuksa between 2009 and 2012, Internal Audit Manager at Çimsa between 2012 and 2015 and Assistant General Manager - Supply Chain at Çimsa between 2015 and 2019. He was the Assistant General Manager - Procurement and Logistics of Akçansa between October 2019 and November 2021. He was appointed as the Assistant General Manager - Cement Sales, Marketing and Business Development on December 1, 2021.

İlker Koç
Assistant General Manager
*Ready-Mixed Concrete,
Aggregate Sales and
Marketing*



Undergraduate Degree:
Middle East Technical
University, Department of
Civil Engineering

Postgraduate Degree:
Sabancı University, Master's
Degree in Business
Administration (Executive
MBA)

Work Experience: In 1994, he began his professional life as a Site Engineer at Rizzani de Eccher and, after that, worked as a Site Manager at Astaldi and Sinta between 1995 and 1998. He joined Akçansa family in September 1998 as a Specialist at Marketing, Planning and Sales Departments. He worked as a Senior Engineer at HeidelbergCement Technology Center in Germany between 2008 and 2012. After that, he continued his career at Akçansa as a Quality and R&D Manager, Marketing and Special Products Manager and also as a Technical Sales Support and Special Products Manager. He was the Company Manager of Karçimsa between December 2020 and November 2021. He became the Assistant General Manager - Ready Mixed Concrete, Aggregate Sales and Marketing on December 1, 2021.

Jason South
Assistant General Manager
Finance



Undergraduate Degree:
Sam Houston State
University, Department of
Economics

Postgraduate Degree:
Texas Christian University,
Department of Business
Administration

Work Experience: Mr. South started his career in 2003 when he joined the accounting department of Hanson Aggregates Products Inc. and he held the following roles until August 2010; Credit Analyst, Trade Marketing Specialist and Senior Financial Analyst. Then, he had the following roles, respectively, at Lehigh Hanson between August 2010 and November 2021; Financial Analysis Manager, Strategy and Development Manager, Financial Planning and Analysis Senior Director and Financial Planning & Analysis Assistant General Manager. He was appointed as the Assistant General Manager - Finance of Akçansa on December 13, 2021.

Sinan İnaç
Assistant General
Manager
*Procurement and
Logistics*



Undergraduate Degree:
Dokuz Eylül University,
Department of Business
Administration

Work Experience: His professional life started in 2003 at Çimentaş and he worked as a Budget and Cost Control Specialist between 2003 and 2007, Planning & Budget and Control Chief between 2007 and 2011, Planning & Budget and Control Manager between 2011 and 2015, Strategy and Marketing Manager (Cement and Ready Mixed Concrete) between 2015 and 2017, Planning & Budget and Control East Mediterranean Region Leader between 2017 and 2019 and, finally, as the Planning & Budget and Control Director. He joined Akçansa family in 2019 and he had the following roles, respectively: Strategy & Business Development Manager, Strategy & Business Development Group Manager. He was appointed as the Assistant General Manager - Procurement and Logistics on December 1, 2021.

Turkish Cement Sector

%9,2

According to 2021 results, cement production increased by 9.2 percent compared to the last year.

%22,5

Approximately 22.5 percent of cement produced during the same period was exported.

In 2021, domestic sales increased by 8.2 percent and cement export increased by 9.1 percent.

%9,1

According to data provided by the TUIK (Turkish Statistical Institute), the highest increase in cement and clinker export was achieved with Italy in 2021 and our country mostly exported to the United States of America, Israel, Ivory Coasts, Ghana, Syria and Guinea in during period.

%14

According to the building licenses issued by the municipalities, year-on-year increase in the number of buildings was 14 % in the fourth quarter of 2021 whereas surface area and number of apartments increased by 24.1 % and 16.8 % respectively

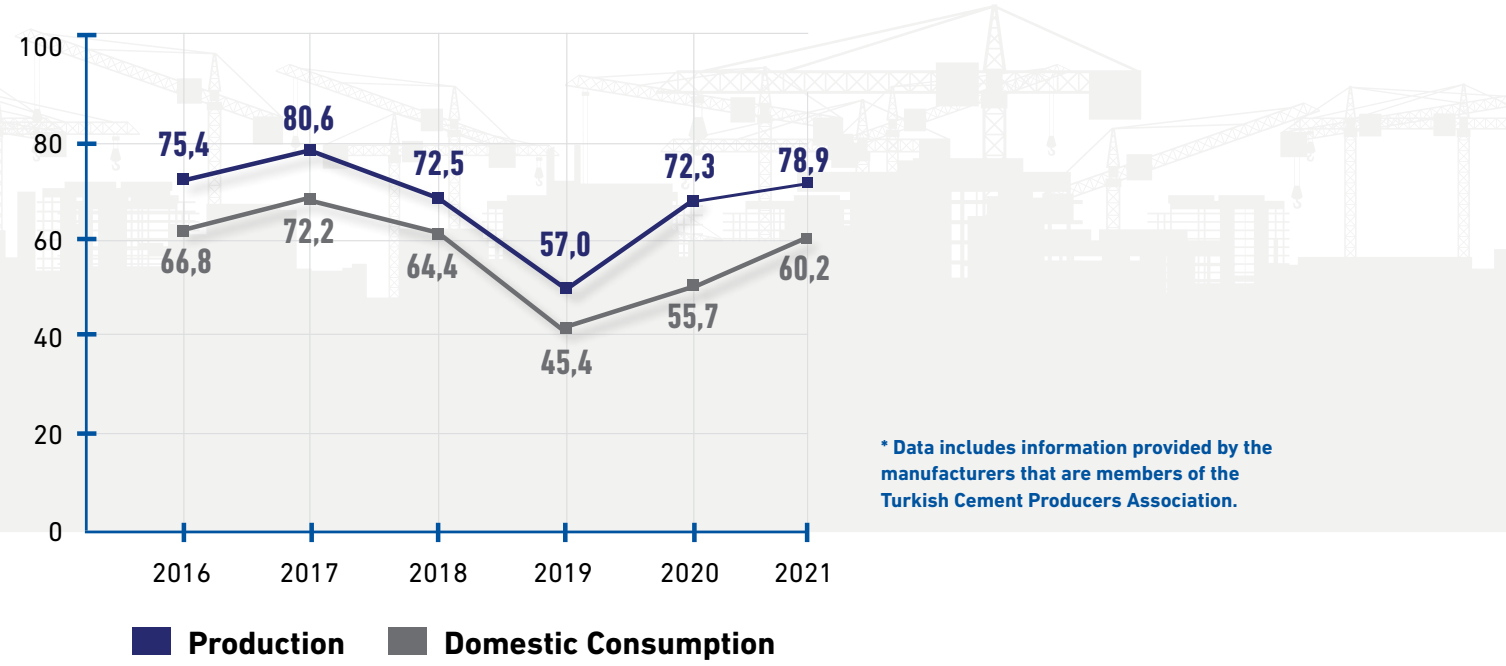
%18,3

According to the occupancy permits issued by the municipalities, year-on-year increase in the number of buildings was 28.9 % in the fourth quarter of 2021 whereas surface area and number of apartments increased by 16.8 percent and 18.3 percent, respectively.

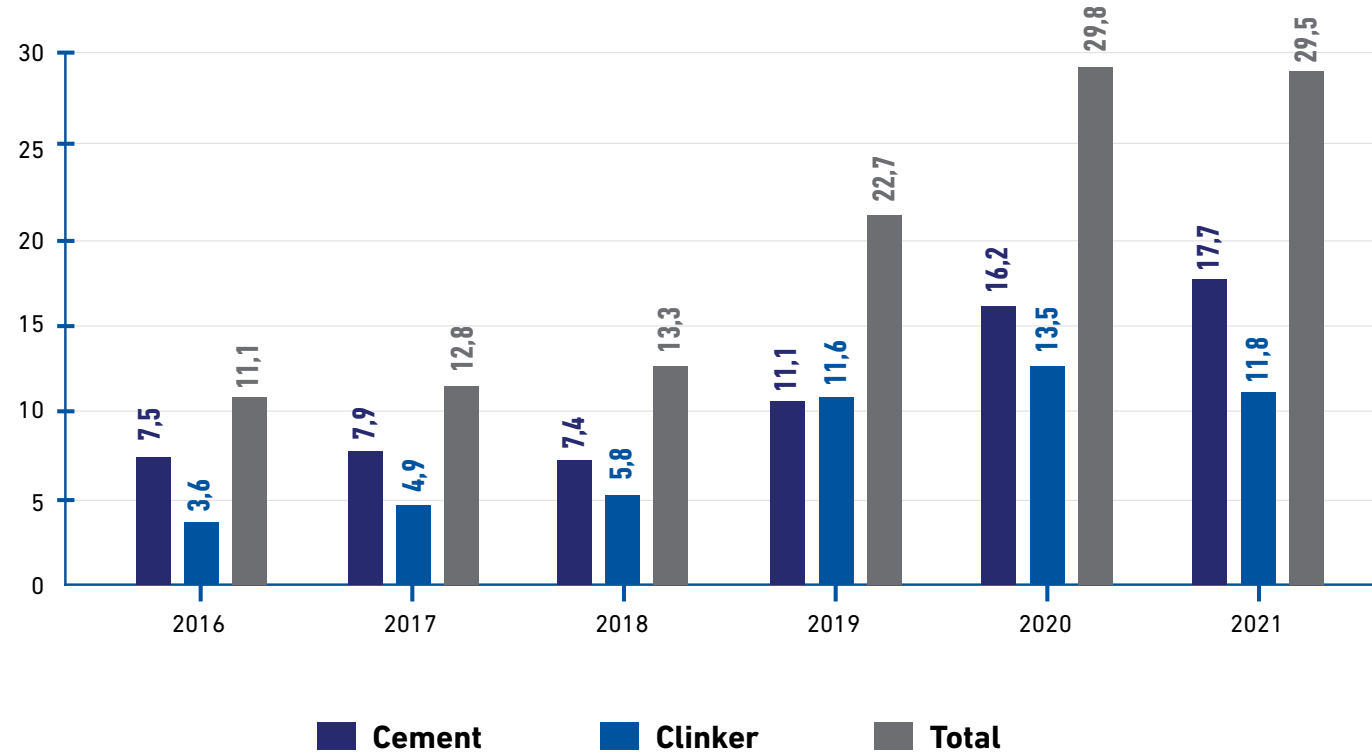
In 2021, house sales decreased by 0.5 percent compared to the last year and marked a total of 1.491.856.

1.491.856

Cement Production and Consumption in Turkey (million ton)*



Cement and Clinker Export of Turkey (million ton)*



ZAMAN, KAYNAKLARI VERİMLİ KULLANMA ZAMANI

Uluslararası Çevresel Ürün Beyanı ile hazır beton ürünlerimizin karbon ayak izini ve sorumlu kaynak tüketimimizi şeffaf şekilde paylaşan **Türkiye’de ilk** şirket olduk. Düşük karbonlu ürünlerimiz ile sürdürülebilir kaynaklarımızı koruyarak geleceğe hazırlanıyoruz.



gc
ca
Global Cement and Concrete
Association

Sales

In 2021, total domestic cement and clinker sales of Akçansa increased by 5 %, compared to 2020, and reached a total of 3.6 million tons. Total export sales decreased by 10 % compared to 2020 and reached 3.7 million tons. Total cement and clinker sales decreased by 3 % in 2021 and recorded a total of 7.3 million tons. Betonsa successfully continues Akçansa ready-mixed concrete activities in Marmara, Aegean and Black Sea regions and also with Çanakkale Bridge project and sold 2.5 million m3 of products in average by the end of 2021 through its 26 facilities. Agregasa trademark sells Aggregate at 2 different facilities located in Kemerburgaz and Saray and 1.4 million tons of aggregate were sold in 2021. Furthermore, Kemerburgaz and Samsun facilities are leased out to earn lease income.

Domestic Sales (million ton)

	2021	2020	2019	2018	2017	2016
Cement	3.559	3.367	3.619	5.457	6.578	6.387
Clinker	0.039	0.076	0.018	0.004	0.056	0.065
Total	3.598	3.442	3.637	5.461	6.634	6.452

Export (million ton)

	2021	2020	2019	2018	2017	2016
Cement	2.401	1.713	1.605	1.084	1.020	1.129
Clinker	1.256	2.360	2.025	0.577	0.337	0.347
Total	3.657	4.073	3.630	1.661	1.357	1.476

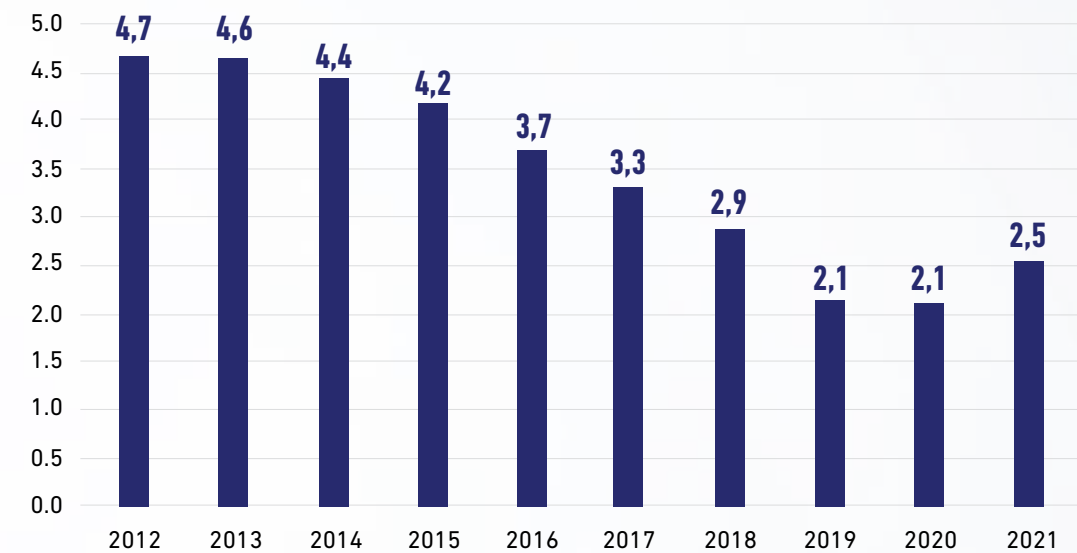
Total Sales (million ton)

	2021	2020	2019	2018	2017	2016
Cement	5.960	5.079	5.224	6.541	7.598	7.516
Clinker	1.295	2.436	2.043	0.581	0.393	0.412
Total	7.255	7.515	7.267	7.122	7.991	7.928

Sales at Betonsa

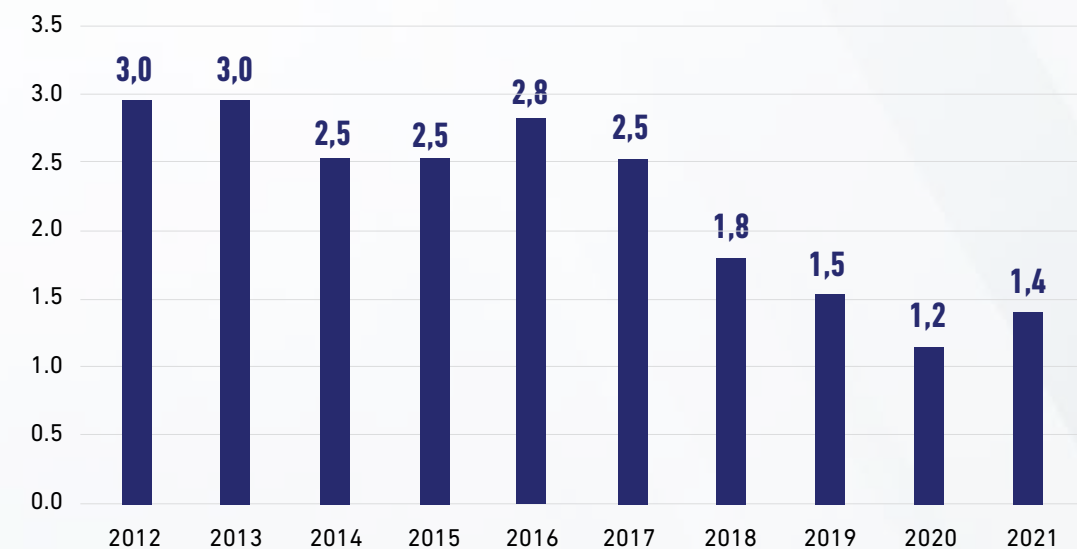
Betonsa successfully continues Akçansa ready-mixed concrete activities in Marmara, Aegean and Black Sea regions and sold 2.5 million m3 of products in average by the end of 2021 through its 26 facilities.

Ready Mixed Concrete (million m3)



Aggregate sales are made from 3 different facilities located in Kemerburgaz, Saray and Bursa, and 2021 sales reached a total of 1.4 million tons.

Aggregate (million ton)





PRODUCING FOR FUTURE OF TURKEY

In 2021, Akçansa Büyükçekmece, Çanakkale and Ladik Plants produced total 6.7 million tons of clinker and 5.9 million tons of cement.

Production operations at all Akçansa facilities are according to OHSAS 45001: Occupational Health and Safety Management System, BS EN ISO 9001: 2000 Quality Management System and BS EN ISO 14001: Environmental Management System. The facilities successfully complete the inspections organized by the British Standards Institute (BSI) and the certificates are renewed.

In 2018, Akçansa Büyükçekmece Plant received the Responsible Use of Resources, Sustainability Certificate; it was the first plant to receive this certificate in Turkey and the certificate was updated to gold level after the independent inspection performed by the Turkish Ready Mixed Concrete Association's Quality Assurance System Commercial Enterprise (KGS). In 2021, Büyükçekmece Plant continued to be a solution partner for Istanbul's waste problem. Akçansa Büyükçekmece Plant used nearly 73 thousand tons of dehydrated sewage sludge coming from ISKI (Istanbul Water and Sewerage Administration) treatment facilities in Istanbul as alternative fuel. Furthermore, nearly 12 thousand tons of bilge wastes coming from shipyards were used at Akçansa Büyükçekmece Plant for energy recovery. On the other hand, Akçansa Büyükçekmece Plant continues to work with İSTAÇ and Istanbul Metropolitan Municipality for recycling fuel reproduced from 12 thousand tons of waste. In 2021, level of using alternative fuel at Büyükçekmece Plant was 21.2 percent.

Level of using alternative fuel was 26 percent at Akçansa Ladik Plant. Çanakkale Plant completed a number of studies to increase diversity of resource when procuring alternative fuel and started supplying different types of alternative fuel from a number of resources. Alternative fuel use at Çanakkale Plant was 16.8 percent in 2021.

AKÇANSA PORT

Akçansa aims to maintain superior operation management and efficiency of its port services, to sustain the activities in future years and increase its income.

A RELIABLE SOLUTION PARTNER PROVIDING QUALITY PORT SERVICES

Port services are one of the business lines of Akçansa and the company has proven that it is one of the key players of the sector by extending its operations every year bit by bit, offering quality service and embracing a solution oriented approach. Customer satisfaction is one of the priorities valued by Akçansa in all business segments and also in port services; the company provides container, bulk cargo, general cargo, liquid cargo, project cargo and RoRo services according to the international standards and with an approach based on high quality and modern port operations. Akçansa port services grew in the last years and continued to grow this year. Trying to meet the customer demand, Akçansa opened 2 new covered warehouses for services provided to third party companies on Ambarlı Port. Accordingly, the company achieved sustainability in terms of maximum capacity and efficiency in 2021. On the other hand, Akçansa increased its business volume on Çanakkale Port and Yalova Terminal in addition to Ambarlı Port and continued to provide services for the company's cargo and third party cargos. Akçansa Port capacities: handling capacity of Ambarlı Port is 2.4 million tons, handling capacity of Çanakkale Port is 4.5 million tons and handling capacity of Yalova Terminal is 0.7 million tons. Furthermore, the company earned an extra income in 2021 by providing additional services to ships calling on Ambarlı and Çanakkale ports.

INNOVATION IS IN OUR DNA

The pandemic has shown us that each company, regardless of its sector, must focus on improvement of technological infrastructures and completing digital transformation as soon as possible. Akçansa realized the importance of innovation years ago and it has been producing new products and services with an innovative approach since day one. The Company will continue to invest in digital transformation and R&D activities in the upcoming years.

A BIG STEP FORWARD: DIGITAL TRANSFORMATION

Akçansa sees digital transformation exactly as a growing and developing organism and particularly prioritizes keeping all channels available for assuring continuity of this development. Data-driven operational excellence, assuring customer engagement and product excellence are the areas that Akçansa hopes to implement the digital transformation effectively. In 2021, the Company designed projects for integrating these areas, which seem to create a type of base, into the digital transformation, as it does every year. The Digital Transformation initiatives are implemented within the framework of the following themes: "Lifecycle", "Automated Production" and "Digitalization of Operations".



LIFE CYCLE

- Ensures continuity of operations by up-to-date Digital infrastructure. The initiative aims to have all the core production related IT/OT systems and automation systems to be in a supported and serviceable point in their lifecycles where complying with industry best practices.



AUTONOMOUS PRODUCTION

- Aids decision making processes for engineers or operators with usage of advanced controllers and advanced analytics. The aim is to reduce dependency on staff so that all the key decisions are made by in a systematic approach while reducing human error.



DIGITALIZATION OF OPERATIONS

- Transforms the key daily activities into digital medium. The initiative uses various digital platforms to connect people, processes and things. The connection initially replicated the activity in a digital then be modernized and transformed in a continuous improvement approach.

Majority of investments in the future focuses on digitalization all around the world and, above all, in the developed countries. Accordingly, we can see that there are approaches supporting new ideas and investments as well as initiatives encouraging present organizations and establishments to add digital transformation into their agendas as soon as possible all around the world. Adverse course of events caused by the COVID-19 pandemic reminded organizations, institutions and governments of the role of digitalization in the world of today and tomorrow, once again, and proved that this matter is so crucial that it cannot be delayed any further. Digital Transformation has always been an area that is carefully handled by Akçansa. Since its establishment, Akçansa operates by combining the state-of-the-art technological infrastructure in its field with qualified human resources; it sees digital transformation as digitalization, optimization and transformations into a new business model and, therefore, takes action accordingly.



LIFECYCLE

IT/OT Infrastructure program is replacing and improving the plant automation systems' IT infrastructure according up to date requirements. The modernized systems will be serviced by internal IT while cancelling external contracts thus reducing OPEX.

2020
Çanakkale Plant
(Completed)

2021
Büyükçekmece Plant
(Completed)

2022
Ladik Plant
(Planned)

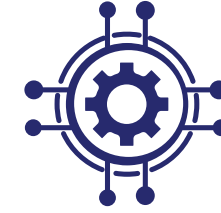
Process Automation program aims to guarantee the continuous operation of cement plants. Automation SCADA systems that are out of support phase induce loss on production targets. Obsolete systems suffer from not receiving any software upgrades or hotfixes. In case of a major fault, the system can come inoperable for a long period.

2018
Ladik Plant
(Completed)

2019
Çanakkale Line2
(Completed)

2021
Çanakkale Seaside Plant
(Completed)

2022
Çanakkale Line1
(Planned)



AUTONOMOUS PRODUCTION

Expert Optimizer Systems program is implementing advanced process controllers in the core production system by the usage of off-the-shelf products. The expert system enables control of the kilns and mills in place of human operators. The system operates more stable with fewer fluctuations resulting in increased production and reduced energy costs.

2020:
Çanakkale Line2

2021:
Çanakkale Kiln1

2022:
Ladik Kiln, Büyükçekmece Kiln2 & RawMill2, Çanakkale Cement Mills 1,3

Dynamic System Modelling Project is an academic R&D project carried out in collaboration with Sabancı University which will be run in 4 phases over 2 years. The project aims to implement a digital cement kiln with the aid of historic data from sensors and dynamic control system theory. The project aims to define a foundation of a digital twin of the kiln where a new type of controller design can be tested.

2021:
Phase 1 – Model and Equation Set Development (Completed)

2022:
Phase 2 – Data Validation of Models (Planned)



DIGITALIZATION OF OPERATIONS



ENVIRONMENTAL REPORTING

project is implemented on the official online emission monitoring system. A total of 7 flue gas stacks over 3 plants are monitored 7/24 over 4 different regulations with 6 different conditions over 10 distinct parameters. The environmental engineers were reporting compliance with the length manual process once a month. The project automated the reporting process so that the status can be tracked live and forecasts can be made according to production plans. Project freed 240 engineering hours for additional efforts.



QUALITY APPLICATION

transformed manually operated quality processes, excel data files into a single application platform for the cement plants. All critical quality analysis devices are connected digitally with automatic data transfer capabilities. The system records quality data, targets, and limits, plans quality analysis, reports results over web platforms or emails with the self-service report designer. The application is in the operational phase and still in a continuous development cycle. Statistics over 2021: 240.000 Samples, 370.000 Analysis, 110 Active Users, 10 Quality Devices Connected, 460 User Feedbacks



SHIFTLOG APPLICATION

is a logging system for blue collars since the information on key events and knowledge between shifts was not adequately transferred. The system enabled the shift communication and historical recording of events. Statistics over 2021: 50.000 logs, 22 teams, 180 users



QUARRY APPLICATION

aims to digitize the quarry operations of Çanakkale Plant for better compliance with the quality targets of raw material homogenization activities. The objective is to minimize quality deviation before raw material grinding continuous automatic management of quality. The solution features cover the creation of quarry blasting and delivery plan, tracking of live truck delivery, monitoring of online quality analyzer and KPI reporting system. Statistics over 2021: 330 Quarry Blasts, 86.000 dispatches, 7.4% improvement on key quality targets



VISITLOG APPLICATION

is an internal company platform that cement and RMC sales representatives record the interactions and visits to customers. The system enables coordination among sales and technical support teams and creates history among customers.



QUALITY, SHIFTLOG, QUARRY, VISITLOG

are applications that were developed by Akçansa employees. The product development approach covered Design Thinking and DevOps methodologies. These applications cover various use cases and create an expandable digital platform for continuous development.

RESEARCHING FOR TODAY, DEVELOPING FOR FUTURE

Akçansa precisely focuses on development of new products, product optimization, presales and aftersales technical support and it carries on Research - Development (R&D) studies as well as contributing to betterment of R&D activities through collaborations with the sector players. The Company helps organizing classes and seminars on cement and concrete technologies at related university departments and has an active role meeting qualified human resources need of the sector. Akçansa does not only provide theoretical knowledge but also organizes trips for gaining practical experience.

KEY R&D PROJECTS COMPLETED:

- Research on Use of Mineralizer in Clinker Production (Tübitak Teydeb (Scientific and Technological Research Council of Turkey, Department of Technology and Innovation Support Programs) Project)
- Research on Hydration Reactions and Effects in Cement (in collaboration with Sabancı University)
- Determining Criteria of Using Products Recovered from Construction and Debris Wastes (Tübitak Teydeb Project)
- Research on Use of Microalgae as Supplementary Fuel and CO2 Retainer in Cement Production Process (Tübitak Teydeb Project)
- Development of High Performance Cement and Concrete Products for the 3rd Bosphoros Bridge (Yavuz Sultan Selim Bridge)
- Development of High Performance Cement and Concrete Products with High Consistency Protection for Major Infrastructure Projects
- Development of High Consistency and High Performance Concrete Products for High-Rise Buildings
- Development of High Performance Cement and Concrete Products for 1915 Çanakkale Bridge Project
- Project on Monitoring Concrete Samples with RFID Tags (in collaboration with Ankaref and Vuruşkan Companies)
- Macro Synthetic Fiber Reinforced and Roller Compacted Concrete Road Project (in collaboration with Boğaziçi University and Kordsa)
- Project on Designing Cement and Concrete with Advance Thermal Specifications

- An Instant Tracking System for Tracking Concrete Strength with Sensors on Digital Platforms (on Tablets or Smart Phones) (SmartBeton)
- Tracking Quality Control Parameters in Cement Production
- Performance Analysis of Cement Grinding Additives
- Life-Cycle Analysis for Standard and Special Ready-Mixed Concrete Products and Obtaining EPD (Environmental Product Declaration) Certificates



Akçansa plays an active role in processes such as organizing fairs, drafting brochures that support researches in its respective field and offers its experience of many years to parties intending to prepare national and / or international publications. In addition to all these, Akçansa cooperates with public organizations, sector's Non-Governmental Organizations and Heidelberg Technology Center and proves that it is a key player in the present and future of this sector.

KEY R&D PROJECTS COMPLETED IN 2021:

- Creating CO2 Roadmap (CO2 Road Map) and Planning Development of Low Carbon / Low Clinker New Products (New Product Plan) in the light of 2023 Sustainability Goals
- Use of Activated Natural Materials (Calcined Clay) as Cement Replacement (in collaboration with Sabancı University)
- Development of Waterproof Concrete (Hidromix) Designed For Meeting Structural Insulation Method Requirements Defined in Waterproofing Regulation
- Development of a Tool to Calculate Load Bearing Capacity and Equivalent Reinforcements of Macro Synthetic Fiber Reinforced Ground Concrete (Kratosbeton)

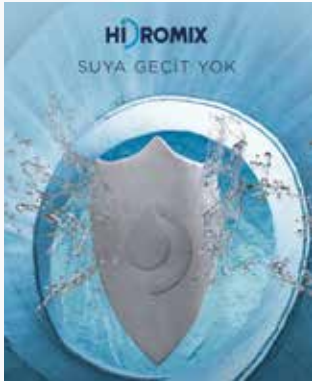


ON-GOING KEY R&D PROJECTS:

- Research on Carbon Capture, Usage and Storage (CCUS) Technologies
- Research on Use of Alternative Mineral Additives in Cement and Concrete Production and Low Carbon / Low Clinker Production Technologies
- Quality Control Parameters Forecast with Advanced Data Analytics in Cement and Concrete Production
- Project on Concrete with Nuclear Screening Performance (in collaboration with the Turkish Atomic Energy Authority)

INNOVATIVE PRODUCTION

As a principle, Akçansa believes in environment friendly production with innovative technologies, high added value and efficiency. The company designs innovative products using new generation technologies and assures maximum customer satisfaction with a special product range developed based on needs and demands. Akçansa Product Development (P&D) activities launched a number of new products in 2021.



HIDROMIX: A NEW SPECIAL PRODUCT:

Hidromix is a special new product offered to the customers and it minimizes depth of water penetration in concrete with its special water tight chemical additive and customized concrete design as well as repairing cracks caused by a number of reasons since it is capable of crystallization and it prevents penetration of water and harmful chemicals into the concrete.



FIRST AND ONLY EPD CERTIFICATES IN READY-MIXED CONCRETE SECTOR:

In 2021, the company received the first and only EPD certificates of the Turkish ready mixed concrete sector with its special and standard product formulas. These certificates allow customers to see the environmental impact of concretes they use. Customers can present these certificates and earn extra points during green building certification processes such as LEED, BREEM and Greenstar. Certificates obtained in the project launched in 2020 were updated in 2021 with special and standard concrete formulas.



LABORATORY AT BETONSA TECHNOLOGY CENTER COMPLETED 1593 TESTS IN 2021:

- Concrete Tests
- Special product tests
- Project test
- Chemical additive tests
- Mineral additive tests
- Aggregate tests
- Rival cement products analysis
- Spot cement tests at Plant



A WASTE RECOVER PROJECT:

Büyükçekmece Municipality, Yıldız Technical University and Akçansa continue to cooperate for a concrete waste recovery project that recycles aggregate. The project outputs are expected to be raw material optimization in cement or ready-mixed concrete production by using materials obtained from construction debris. The project will have a positive impact on the country and environment.

KEEPING UP QUALITY

While designing the products demanded by the sector, Akçansa strives for the highest level of quality during all stages of production. In 2021, the quality operations were according to the national and international quality standards. Furthermore, all Akçansa operations are managed according to ISO 9001: 2015 Quality Management System, ISO 14001: 2015 Environmental Management System and ISO 45001: 2018 OHS Management System.

SMART BETON WON BRONZE INTERNATIONAL STEVIE AWARD IN 2021:

Smart Beton is a special and innovative product that allows us to check concrete quality remotely and instantly, and it was used on 1915 Çanakkale Bridge construction works. The product received the Bronze Award from 2021 International Stevie Awards, the most prestigious award ceremony of the business world.

STANDARD DEVIATION OPTIMIZATION:

Standard deviations are reduced and formula cost optimization is assured by improving quality monitoring processes. As a result, the concrete production has higher quality and we reduced environmental impact by saving 12 thousand 500 tons of cement.

SAMSUN CITY HOSPITAL PROJECT:

The City Hospital under construction is Samsun preferred Akçansa concrete products.

REDUCED CLINKER USE:

The company's clinker use in all its concrete production operations was 4 percent less compared to the last year. Cements with additives and high quantities of mineral additives are used in ready mixed concrete products and this reduced clinker consumption. Saving on clinker provided added value to the company and reduced impact on the environment.

17 PERCENT MINERAL ADDITIVE IN ALL AKÇANSA READY-MIXED CONCRETE

Use of high-mineral additives is 17 percent at Betonsa and this significantly optimized cement and clinker properties. Furthermore, concrete designs with mineral additives provided more durable concretes.

İZMİR TRAMWAY PROJECT

The tramway project under construction in İzmir preferred Akçansa concrete products.

QUICK ANALYSIS OF CONCRETE RECIPE:

Advanced data analytics is used on concrete phase to estimate 28-day pressure resistance values. Concrete formulas are quickly optimized during the quality monitoring process of the ready-mixed concrete. Thanks to the infrastructure used, 2 and 7-day pressure resistance values are analyzed and 28-day resistance values are calculated. Accordingly, necessary formula optimizations are done quickly. Success rate of 28-day resistance estimations is 96 percent.

NEW PROJECT FACILITY INSTALLED AND COMMISSIONED:

Başakşehir HB plant is the largest facility in the history of Akçansa that was established in one go. 3 ready-mixed concrete plants, 2 flake icemakers, cold and hot water system, micro silica preparation unit, filter-press, recycling unit and fully-equipped quality laboratory were established on nearly 18-decare area for KMO Nakkaş - Başakşehir Access Road. This is the largest Akçansa project facility established on a single location.

NEW IDEAS, NEW PRODUCTS

Akçansa, the leading building materials company of Turkey, continues to offer services under Betonsa trademark for a number of projects and with a diverse product range. These products stand out with special advantages designed and offered according to the customers' needs and expectations, and they create added value since they are innovative, environment friendly and durable as well as having a long service life. Betonsa provides services in the light of one motto: "Always Better, Together" and its wide range of products are preferred by almost all major projects implemented in Turkey. Betonsa Technology Center always works to achieve better results and, so far, it has been a pioneering player in the sector and hopes to be so in the future.



WATERPROOF CONCRETE

HIDROMIX

This special product was designed for structural insulation works in any project requiring water tightness. Hidromix is customized based on project needs and shipped after production completed at ready-mixed concrete facilities. The product simplifies processes such as selecting a different supplier and product, procurement, order tracking, shipment, stocking, application, losses during application and disposal for meeting water tightness requirement of projects and it offers a solution customized for the project.

NEW GENERATION FIBER REINFORCED CONCRETE: KRATOSBETON



KratosBeton is the new generation fiber reinforced concrete produced by Kordsa Global and Akçansa. The product is ideal for safe, durable and sustainable buildings. Also, the product's high quality synthetic fiber reinforcements provide ease of application to the projects and offer time and cost advantages. This product can be applied on industrial grounds, screed and field concretes and on tunnel coatings with shotcrete.

A PRACTICAL SOLUTION FOR CONSTRUCTION SITES: PRATİKBETON



This product of Betonsa offers a customized solution for long distances with flexible piping method. Pratikbeton provides practical solutions when pumps cannot approach the pump casting area due to circulations on the site and the product offers easy and quick casting works to its customers.

100-YEAR SERVICE LIFE: 1803 BETON



This concrete is a product of long-term R&D studies of Akçansa and, using "1803 Cement" product, the product is designed to have minimum 100 years of service life. The concrete produced with 1803 cement was used on undersea sections of 1915 Çanakkale Bridge piers and access viaducts.

SULFATE RESISTANT CONCRETE: SDÇ BETON



SDÇ Beton is produced with sulfate resistant cement (SDÇ) and it is developed for being resistant to mainly sulfate and to chemical effects. The sulfate reaction is minimized thanks to its low alkali structure and use of mineral additives. It prevents long-term durability loss in structures such as bridges, piers, concrete pipes and foundations as well as extending the service life of concrete.

A DRY MIXTURE OF SPECIAL POWDER CHEMICALS: SHOTCRETE



This product is produced by Betonsa at ready-mixed concrete facilities. Shotcrete is sprayed with pressurized pumps and quickly sets as a result of special powder chemicals. Areas of use: protection concretes and bevel stabilization of water insulation in buildings such as galleries and tunnels.

CONCRETE IS NOW TALKING TO US!



Smart Concrete, the latest innovative product developed by Akçansa, is a special application used to determine the strength (durability) of concrete used in construction projects without sampling. With the help of a sensor and a mobile phone app, it provides the opportunity to monitor instantly if the concrete reaches the desired strength or not.

Vodafone Business offers efficiency and savings to businesses with its digital solutions. Betonsa, the ready-mixed concrete brand of Akçansa, uses Vodafone Business technologies in Smart Concrete solution and, for the first time ever, makes instant monitoring of concrete class possible. Concrete quality is measured with digital sensors embedded in it. Thanks to the technological infrastructure offered by Vodafone Business, Betonsa is the first concrete company that proves sustainability of its quality and shares the data with its customers, and the end-user can check class of concrete used in the project instantly with an app installed on mobile phones and using real data.



FOR ENVIRONMENT-FRIENDLY AND GREEN BUILDINGS: A+BETON



This environment-friendly concrete product of Betonsa has low carbon emission. A+Beton resists environmental impacts and the high-performing product is developed for environment friendly and sustainable structures. A+Beton is divided into three key categories depending on the area of use: A+Beton Foundation, A+Beton Road and Coating, A+Beton Structural. The product is produced with up to 70 % Ground Blast Furnace Cinder instead of cement to reduce the carbon emission and A+Beton is the ideal solution for environment friendly and green buildings.

SMART BETON: VİSKOBETON



Viskobeton is a self-compacting concrete product of Betonsa. The product is produced according to TS EN 12350 standard for projects requiring C40/50 and higher durability classes and it can be used for following applications since it has low water and binder ratio:

- Buildings requiring high durability and resistance
- Reinforcement projects,
- Compactly reinforced and narrow segmented locations,
- Locations where high-quality and smooth surfaces are required,
- Downtown construction sites,
- Aesthetic mold designs,
- Locations where a vibrator cannot be used.

COST ADVANTAGE: VİSKOTEMEL



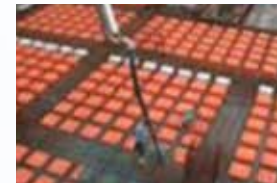
This is a self-compacting concrete designed by Betonsa for being used in foundation concrete. Produced according to TS EN 12350 standard and in C30/37 and C35/45 durability classes, the product has low water/binder ratio and provides cost advantage and easy application with its minimum 50 cm dispersion characteristic in the projects requiring water tightness.

FOR EASY APPLICATION: VİSKOPERDE



This Betonsa product is a self-compacting concrete designed for being used in vertical structure components. Produced in accordance with TS EN 12350 standard and in C30/37 and C35/45 durability classes, Viskoperde facilitates application without requiring a vibrator by passing through compact reinforcements with its minimum 65 cm dispersion property and increased fine aggregate rate.

NO MORE SURFACE LEVELING WORK: VİSKOKAT



Viskokat is a self-compacting concrete designed by Betonsa and used for horizontal construction elements. Produced according to TS EN 12350 standard and in C30/37 and C35/45 durability classes, the product provides cost advantage and easy application with minimum 55 cm dispersion property and without requiring surface leveling work.

ALTERNATIVE FOR TRADITIONAL SCREEDS: VİSKOŞAP



This self-compacting screed is a special product designed by Betonsa. In addition to minimized cracking risk, Viskoşap has no grout, can be pumped, hardens quickly and has a pressure resistance of nearly 30 Mpa. This new screed system hopes to minimize the problems observed in traditional concrete finishing.

FOR A CHALLENGING WINTER

WINTERMIX®

WinterMix is used to protect concrete from freezing at times when mild frost effect continues all day and in case of sudden changes of temperature and if early molding is required. WinterMix improves concrete durability but it does not contain chloride and harm the reinforcement. Also, the product saves us time by shortening the molding time. WinterMix has a special formula designed for challenging winter conditions and it is produced & shipped at Betonsa plants.



PERFECT ADHESION: READY TO USE WET PLASTER



This product is produced at concrete plants by Betonsa using special chemical additives. Ready to Use Wet Plaster is shipped to the construction site on truck-mixers and it will maintain its consistency up to 48 hours at the construction sites, if proper storage conditions can be provided. The product is light, flexible and has perfect adhesion and, therefore, it can be used on bricks, gas concrete and briquette surfaces as well as interior and exterior plastering works, walls and ceilings.

FOR INDUSTRIAL GROUNDS: DRABETON



Betonsa'nın çelik tel donatılarla endüstriyel zeminler için ürettiği ürünüdür. Drabeton ile şantiyelerde stoklama, yerine yerleştirme ve denetim aşamalarında insan gücünden tasarruf sağlanmaktadır. Ürünün kullanım alanları; zemin betonlar, şap ve koruma betonları, saha betonları, fabrika zeminleri, otoparklar, beton yollar, benzin istasyonları, stok sahaları, derzsiz zemin betonları, soğuk hava depoları ve zeminleri, döşeme şapları, topping betonlar, liman kaplamalar ve tersanelerdir.

PREVENTING CONCRETE CRACKS: FİBERBETON



Fiberbeton is produced by adding polypropylene fibers to concrete since the polypropylene fibers reduce potential plastic shrinkage cracks and internal micro cracks in field concretes and high-resistant concretes.

COMPLETE SOLUTION FOR GROUND CONCRETES: FORTABETON



This product of Betonsa is reinforced with the Macro Synthetic Fibers. In addition to particularly offering a complete solution in industrial ground concretes, Fortabeton offers high resistance against deflection, pull, impact and wearing. Areas of application: all concrete grounds, shotcrete and precast concrete.

LIGHT AND FLUID: İZOŞAP



This is the light and ready-mixed screed product of Betonsa. Thanks to its entrained air characteristics, the product is light and helps thermal insulation as well as being fluid. Since its unit weight (density) is low, the product reduces unnecessary load and it can be pumped with screed or concrete pump.

ENVIRONMENT FRIENDLY WITH SPECIAL MINERAL ADDITIVES: YEŞİLŞAP



This is a green and light product produced by Betonsa. Yeşilşap has up to 35% lower CO2 footprint thanks to the cements with special mineral additive used in its production, and the product, compared to traditional screeds, is 25 % lighter due to special chemical additives in it (25 percent entrained air by volume). The product helps heat insulation in buildings.

DURABLE AND LONG SERVICE LIFE: 100+ BETON

100+Beton has high durability and tightness properties and this concrete product can maintain the required project durability for many years. The product, produced with low-alkali special cement and mineral additives, is developed for the major infrastructure projects (bridges, airports, subways and highways) that require a service life of 100 years and more. As a result of its characteristics, the product was chosen for Yavuz Sultan Selim Bridge and it is also used for Sazlıdere Bridge.

DECORATIVE GROUND COATING: DEKOBETON



Dekobeton produced with stamped concrete technology is a decorative flooring system designed for outdoors. Primary areas of application: gardening, parks, pool sides, urban recreational areas, landscaping, roads, marinas and piers, shopping malls, parking lots and petrol stations.

INSULATION CONCRETE: İZOBETON



This light product of Betonsa is for insulation. Areas of Use: Screed and filling applications for avoiding unnecessary loading of the existing structure, Partition walls and floorings of prefabricated structures requiring thermal insulation and sound absorption, Leveling protection concrete on or under the water insulation layer, Repairing of old grounds requiring filling and do not cause any expectation for high resistance.

EFFECTIVE INSULATION: POLARBETON



Polarbeton is a special ready-mixed concrete product of Betonsa and has high thermal insulation properties. The product is 80 % lighter than traditional screed and used for floor insulation of buildings. Special chemical additives used in its production create spherical air gaps and these make the concrete very light and insulation very effective.

CONCRETE CUSTOMIZED FOR ROADS: YOLBETON



Roller compacted concrete (SSB) is a type of road concrete produced by combining aggregate with smooth grading, binder materials, water and additives in different ratios. The product name comes from the concrete compacted during production as well as heavy vibrated steel drums and rubber wheeled cylinders used for finalizing its form.

SSB roads are as durable and robust as traditional concrete roads and the application is similar to asphalt coatings. SSB roads offer quick and affordable application and stands out as an alternative superstructure element. It can be used for all urban roads and countryside roads.

FOR A BETTER WORLD

We value the United Nations' 2030 Sustainable Development Goals since we wish to protect the nature and environment we live in, assure welfare of our people and leave a peaceful world where we can breathe to the future generations and, therefore, we design projects that will achieve this goal.

FOR FUTURE GENERATIONS





blocks of a sustainable future

**WE ARE
THE BUILDING**

Since its establishment, Akçansa has been fulfilling its social, environmental and economic responsibilities; its production is based on “sustainable growth” vision and creates added value for our country and people. Akçansa believes that sustainability is an integral part and, also, one of the essential building blocks of its business model. Akçansa is working for a more sustainable and greener economy in line with Turkey’s development goals.

Akçansa has adopted the goal of being the “building blocks of a sustainable future” and, as the sector’s first company to announce its future goals in line with its principle of being strong, productive and transparent at all times, Akçansa continues to take firm steps towards the future. On the other hand, Akçansa is the first company that published a sustainability report in the Turkish cement sector and it is still the pioneering player of the sector when it comes to sustainability.

ESSENTIAL PART OF CORPORATE CULTURE

Sustainability approach of Akçansa is shaped by respecting the nature, trying to develop an inclusive culture and transparent relationship established with the stakeholders. At Akçansa, a sustainable business method is embraced on all rings of the value chain surrounding the cement’s lifecycle, from production of raw materials to after-sales relationships. Sustainability is an integral part of Akçansa corporate culture and continuing to create value for the environment, society and economy in the future is one of the company’s top priorities. Akçansa is one of the signatories of the UN Global Compact and UN Sustainability Development Goals, and 2030 Sustainability

Goals were determined according to its primary business strategy, outputs of extensive and participatory stakeholder analysis process performed in 2020 and within the framework environmental, social and governance issues. According to the prioritization study completed by Akçansa in 2020 with all its stakeholders, the top priorities are, respectively: Energy Efficiency, Climate Change and Greenhouse Gas Emissions, Water Management, Occupational Health and Safety, Work Ethics and Compliance, Products with Low Environmental Impact and Waste Management. We reviewed these priorities

and selected 6 strategic areas to focus on: “Occupational Health and Safety”, “Reducing Environmental Footprint”, “Innovation and Digitalization”, “Circular Economy”, “Being a Good Neighbor” and “People, Compliance and Transparency”. The company identified critical key performance indicators for each focus area as well as determining interim goals and incorporating them into the long term sustainability roadmap. Akçansa announced its 2030 Sustainability Goals to all its stakeholders in 2021.



In 2021, the company organized a full-time Directorate of Sustainability to combine all sustainability activities under one roof and to achieve a more effective organizational structure. Committees and work groups are organized with a sustainable governance structure based strategic areas of focus and these assure integrity of information flow, integration of sustainability principles into the organization's entire management activities, development of practices for risk & opportunity management as well as achievement of sustainability goals as well as strategic focus areas. The Board of Directors is the highest authority responsible for the Sustainability Organization and these committees & work group regularly report to the Board about the sustainability



developments. In 2021, Akçansa completed a number of operations on all its plants within the framework of ISO 14001 Environmental Management System and on 3 cement plants within the framework of ISO 50001 Energy Management

System, and all these were based on its continuous development approach. Improvements were made by assessing and effectively managing the environmental risks, climate risks, social risks and governance risks as well as seizing related opportunities.

CONTRIBUTING TO SUSTAINABILITY WITH ENVIRONMENT FRIENDLY PRODUCTS

In 2021, destructive effects of the climate change, such as extreme weather events, were more frequent and the company launched projects to reduce greenhouse gas emissions for supporting transition to low carbon economy. Akçansa continues product development activities classified according to internationally recognized sustainable product descriptions. The company tested and started to sell new low carbon and greener new products that support sustainability. Special Products Committee continued to work on new product developments in 2021. Low carbon "1803 Beton" was specially designed for Çanakkale Bridge project and significantly contributed to the sustainability of that project. Lifecycle analyzes were completed for 8 Special Products and environmental product declarations were prepared. Factory and facility improvement works and investments were completed for reducing use of fossil fuel and increasing use of alternative fuel in order to fight climate change. R&D studies focused on using recycled and recovered products as raw materials in different processes for supporting the circular economy.

In 2021, environmental investment vs. net sales ratio was 1.45 and the R&D budget was entirely used for activities focusing on sustainable product development. Akçansa believes that digitalization, an integral part of business strategy, should be right at the heart of sustainability approach and aims to increase coverage

ratio of AI supported automated production and production assets. In 2021, the company completed 4 different automated production projects at Çanakkale and Büyükçekmece plants. The company saves on fuel and electricity consumption per unit production since its production process management is supported by AI.





FOCUSING ON SOCIAL BENEFIT

According to the results of 24/7 simultaneous inspections made at Akçansa plants by the Ministry and Provincial Directorates, the plants continue to operate with emission levels far less than the emission limits specified in the environment legislation. Increasing energy efficiency performance, which is currently considered as a source of supply, is one of the prioritized goals of Akçansa. In 2021, digital transformation projects assured saving 0.191 kWh energy per ton of cement produced. Thanks to the waste heat recovery facility installed at Çanakkale Plant and wind turbines, we assured clean electricity generation and covered 14 percent of total electricity consumption of 3 cement plants. While underlining the importance of Covid-19 pandemic, the company created a roadmap for focusing on sustainability. Accordingly, the company started working on incorporation of sustainability practices into supplier selection and assessment criteria in order to increase awareness of all suppliers. While carrying on its operations, Akçansa focuses on providing social benefits to all ecosystems that it interacts with in any of its geographies. The company measures the effect of training, development and corporate social responsibility activities organized for its personnel and for the community, and hopes to increase this effect day by day.

A COMPANY VALUING HUMAN RESOURCES, BECOMING MORE VALUABLE WITH HUMAN RESOURCES

Akçansa, provides the highest quality service to its domestic and international customers with its product, has qualified human resources are behind this success. Akçansa works with a team of experienced and knowledgeable human resources professionals and aims to prevent occupational accidents by taking vital steps in the fields of occupational health and safety. On the other hand, the Company launches social responsibility projects for becoming a solution partner in overcoming the social problems.

AKÇANSA

OUR PEOPLE: OUR GREATEST ASSET FOR FUTURE

Akçansa has the vision of "Becoming a preferred employer that creates a unique working culture where employees feel valued and learn continuously". In all human resources processes and systems carried out in parallel with people oriented, leadership development, talent management, continuous development and flexible human resources strategies are based on one motto: "Each Manager is a Human Resources Manager". HR Strategy and short/mid-term goals are revised in the direction of the Strategic HR management approach and then integrated into the goals of all functions.

Accordingly; the strategic priorities of human resources are making a difference in employee experience, reinforcing leadership development, learning continuously by experience, creating a flexible, collaborative and data-based working culture, leading the acquisition of talents and assuring their engagement to the company.



PEOPLE FIRST

Akçansa organizes motivational and information sharing meetings (Communication Meetings, We Are Listening, Online Meetings) where the employees and senior management exchange information, ideas and suggestions and the Company encourages mutual sharing and employee involvement. "HR On-Site" visits focus on factories and plants in all regions of Akçansa; actions to be taken are determined through bilateral discussions and these actions are monitored and implemented. Work Life Assessment Questionnaire is a periodical tool used for measuring employee satisfaction and engagement levels as well as identifying the areas of development. With the "work = life" balance approach at Akçansa; sports, cultural and social activities diversified in line with the wishes and expectations of all employees; Family Workshops are held with Akçansa Club World. Clubs organized by Akçansa Volunteers offer activities in parallel with the expectations of Akçansa family. "Walk & Talk", a platform enabling all Akçansa personnel to visit different locations digitally, "Learning From Each Other", an activity creating a new in-house experience, and "Fun at Work", an activity encouraging all personnel to enjoy work life, offer a wide range of experiences. As a part of the "People First" strategy, different opportunities are offered to protect the mental and physical health of employees and their families.



FUTURE OF WORK

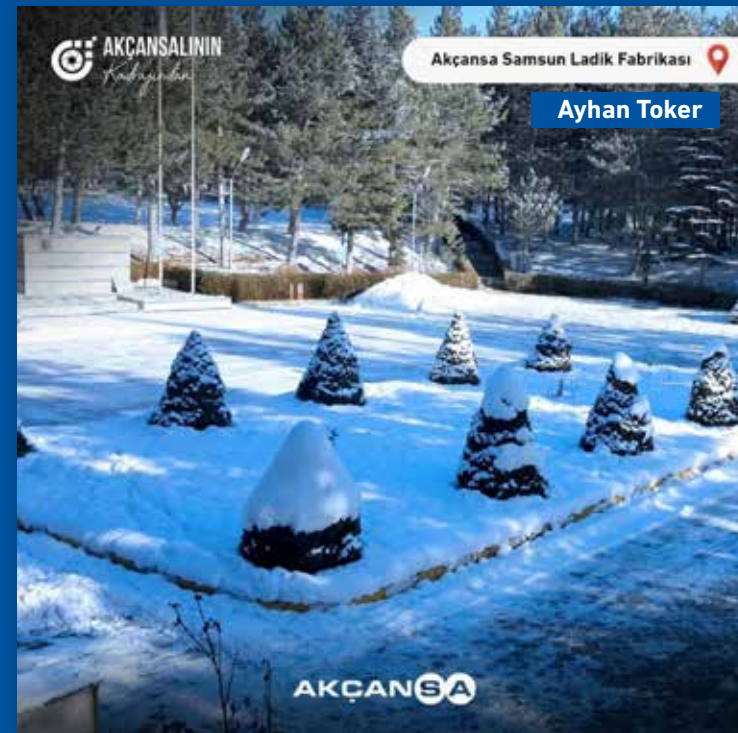
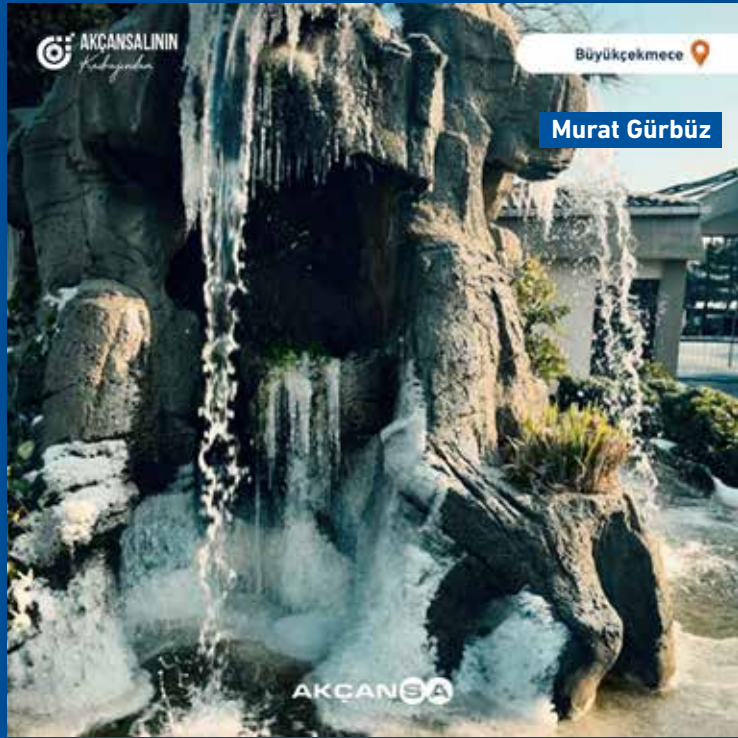
Akçansa launched the "Future of Work" project in 2021 by aiming to prepare both the company and the employees for the future in the best way possible. An independent consulting company assessed practices in seven different areas. Action plans were made by selecting the three areas that stood out in parallel with the company strategies, namely "Holistic Health", "Development for the Future" and "Purpose-Oriented Organization". "Future Together: At Work and In Life" motto of Akçansa shapes innovative and development-oriented actions and continues to implement these actions as they are embraced by all employees.

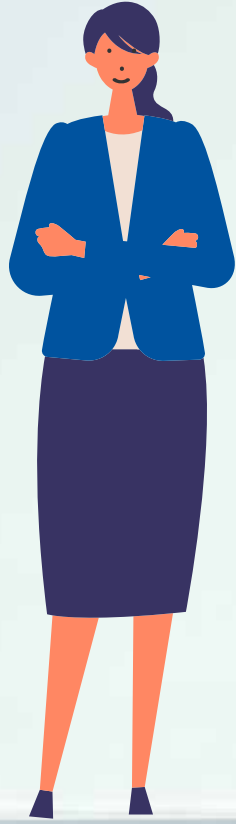


AWARDS TO AKÇANSA'S HUMAN RESOURCES MANAGEMENT

Akçansa prioritizes its human resources and believes in "People First" motto in all its practices; has received many awards, each more valuable than the other, and those are the testimonies of the company's success in this field. The Company's career development programs, talent management processes and internal communication activities launched with the goal of creating the best employee experience received total eight awards in the following categories of 2021 Stevie for Great Employers and Stevie For Women in Business Award Programs: Best Employer, Best Human Resources Team, Best Training Program, Best Coaching and Development Program and Communicating with Employees; also, Akçansa received the Best Human Resources award from Best Business Awards Program and the Best Employer of Europe Award from Globe Awards program, and these Awards once again confirmed the Company's success in this area.

After completing process and site reviews performed by national and international surveyors, having one-on-one interviews with all employee groups and making comparisons with the process recognized in 75 countries and 685 industrial companies, Akçansa successfully completed the IIP process and rated with the Golden Standard.

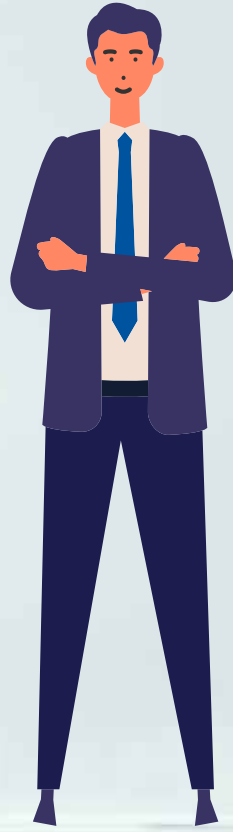




EQUALITY AT WORK

Providing a working environment and conditions deserved by its employees, supporting gender equality throughout the professional life, improving communication and synergy among employees by acknowledging value of diversity and reinforcing the organizational culture are the top priorities of any Akçansa organization. "Gender Equality" workshops and trainings which have been organized for field and office workers in 4 main locations (Istanbul, Çanakkale and Samsun) since 2018, and, so far, nearly 300 Akçansa personnel participated to these activities.

2030 Sustainability "People, Compliance and Transparency" initiative aims to increase ratio of white-collar female employees up to 30 percent and ratio of women in the talent pool up to 40 percent. In 2021, the Gender Equality Policy was renewed by including "harassment" and the Gender Equality Manifesto was released.



"A TOUCH OF KINDNESS / FROM US TO OUR CHILDREN" TALENT AND SUCCESS SCHOLARSHIP

Akçansa supports talented and successful children from Akçansa, and offers scholarships to Akçansa employees so that they can be one step ahead of the future of their dreams. Successful and talented children of Akçansa employees are selected based on the criteria determined by TOÇEV and the amount of scholarship paid per scholarship student in the academic years 2019-2020 and 2020- 2021 were 6 thousand Turkish Liras. The success scholarship in the project is for the 12th grade students, and the talent scholarship is for all education levels from primary school to university. The scholarship students are supported until their university graduation as long as they maintain the success criteria.

In this system; volunteer Akçansa employees can also support the scholarship pool financially, the lives of children who deserve kindness are touched. The number of scholars, which was 19 in the 2020-2021 academic term, continues as 20 in the 2021-2022 academic year.

TALENT AND CONTINUOUS DEVELOPMENT

In line with the principle of "Right Person for Right Role"; the recruitment method of Akçansa has an evaluation process based on multiple observations and objective criteria (value-based interviews, interviews, questionnaires and foreign language exams) and determines whether the candidates have the qualifications required for the relevant job. The company values growth and development with young talents and this approach is supported with "Let's Shape the Future Together", a new generation talent acquisition and rotation program organized in 2018 for the first time.

In 2021, the "Let's Shape the Future Together" new generation talent recruitment program was organized for the third time and talent pool of all Akçansa functions continues to grow with young talents.

Akçansa has been cooperating with Istanbul Technical University, Department of Chemical Engineering for the past 12 years since development of the youth is a priority at Akçansa. Site visits, Employee Coach (Buddy), "Akçansa Universe" orientation program launched in 2018, which was the sector's first orientation program specially designed with virtual reality technology, as well as the "Digital Orientation Program" were provided to the new recruits at Akçansa so that the new recruits can quickly adapt to the processes and organizational culture and company adaptation process can go on irrespective of time and location. In parallel with the company's focus on talent and continuous development, the Company launched "Digital Assessment and Development Center" in 2021 and created an opportunity to improve selection process tools as well as diversifying the candidate potentials.

HIGH PERFORMANCE CULTURE

Akçansa performance management process starts by identifying company goals and individual goals at the beginning of year with participation of the employees and administration and continues until the year-end with a continuous performance approach. The goal of continuous performance period is to assure continuity and development of high-performance teams through goal monitoring processes and goal or competency-based feedbacks.

In 2021, 438 Akçansa employees were added to Perf-x Performance System and total 2653 goals and 1079 competency inputs and assessments were completed.

Since feedback culture is an essential element of individual and organizational development, the company provided total 206 feedbacks through Perf-x System and it leads the way for creating continuous development and high-performance workforce.



LEADERSHIP DEVELOPMENT

Akçansa aims to achieve continuous development throughout the leadership journeys of its executives with Leadership Meetings, Leadership Styles Questionnaires, Organizational Climate Survey and Leadership Development Program organized every year. Akçansa believes that feedback and coaching approach are key elements of sustainable management. In order to use this approach effectively, employees are supported with measurable and value-added development programs. In 2021, the first Kariyer Çınarı: Reverse Mentoring Program was launched and the new generation talents provide mentoring to senior and experienced executives to complete mutual learning and experience sharing process is aimed.

12 young mentors from Akçansa and Sabancı Group and 12 mentees from Akçansa were included in the program.



TRAINING AND DEVELOPMENT MANAGEMENT

In addition to the in-house Akçansa trainings, the employees can benefit from a number of trainings and development programs organized on different platforms by Akçansa business partners (HeidelbergCement, Sabancı Holding, Sabancı University, Koç University, ÇEİS). "Industry Leaders", a development program designed for Sabancı Holding Industry and Building Materials Group companies in collaboration with Sabancı University EDU, was initiated by taking into consideration on technology and business models and supports site engineers and executives in the fields of team and process management. Within the scope of Akçansa human resource strategies; "Akçansa Digital Academy" was launched so that employees can have flexible access to training and development opportunities at any time and from anywhere. Akçansa Digital Academy platform offers more than 100 training videos in nearly 15 different categories and the platform was visited 2 thousand 742 times and total 1856 e-trainings were completed since March 2021. In 2021, in order to develop the professional and technical competencies of the field workers (operators, technicians, engineers, supervisors and managers) of the operations function; "Skill Matrix" trainings were planned and organized. The program's goal is to assure development in their own fields as well as providing gaining cross-competencies, the program has offered 2 thousand 30 training hours and 500 employees attended to these trainings since March 2021. In addition to Akçansa Digital Academy Trainings:

Akçansa provided total 34 thousand 945 hours of training in 2021 and Duration of training per person was 35 hours in average.



TOTAL TRAINING HOURS

34.945
HOURS



TRAINING HOURS PER PERSON

35
HOURS



HOLISTIC HEALTH

With "Akçansa Yanında" application; employees are provided with the opportunity to make video calls with experts on healthy life, sports and nutrition, get counseling, attend live classes, and access written and visual resources in their areas of interest.

This platform launched four holistic healthcare campaigns (steps campaign, OHS week campaign, photography campaign and smoking awareness campaign) and total 456 employees are active on the platform.



WORK LIFE

Akçansa believes that freedom of association is one of the fundamental rights and Akçansa employees are free to join unions and exercise their related rights. According to this, all blue collar workers of Akçansa cement plants are union members. In this context, the Group Collective Agreement executed by and between the Turkish Union of Cement, Ceramics, Earthenware and Glass Industry Workers (Çimseis) and Cement Industry Employers' Association (CEIS) for the period between January 1, 2020 and December 31, 2021 is still in force.



APPRECIATION AND RECOGNITION

Akçansa has a fair, objective, competitive and rewarding compensation policy that appreciates high performance for all employees. Primary goals of our compensation policy are: to offer a salary based on size of business, performance, contribution to work, concepts such as knowledge / skills and competencies; motivate employees by assuring balance of intra-company and intercompany salary and competitive edge in the market; to increase employee engagement and bring in workforce capable of achieving our company's financial, environmental, social and governance goals. Accordingly, the general perspective of salary management at Akçansa aims to protect the competitive position in the sector and follow equality approach as well as determining individual salaries with a fair approach and by prioritizing performance. Employee salaries are fixed by considering objective particulars such as level of responsibility and scope of duties. High performance, innovative projects and outstanding achievements are constantly appreciated through different tools, and it is aimed to encourage employees to add value to the company, both individually and as a team. At Akçansa with different recognition and appreciation applications, employees constantly feels the privilege of being a member of Akçansa at work and in their private lives.

OCCUPATIONAL HEALTH AND SAFETY FIRST

Akçansa operations are based on an employee-oriented approach and “Occupational Health & Safety” are among the company’s priorities. Furthermore, all Akçansa facilities apply high standards in all their processes from occupational safety to work ethics.

Akçansa carries on its operations on all areas for providing safe and healthy work conditions and creating sustainable occupational safety culture. Our fundamental principles in the journey of achieving 2030 goals are:

- Leadership,
- Compliance,
- Training,
- Subcontractor management and procurement process,
- Risk Management,
- Review-improvement

The company identifies the areas that should be improved and determines its annual plans and goals based on such needs.

6 FUNDAMENTALS





Since the beginning of 2020, we have been dealing with rapidly changing and spreading Covid-19 pandemic all around the world and in our country. Akçansa has been monitoring the global course of the pandemic very closely since the outbreak and collecting all related information, updates and instructions given by the local and international authorities. All related efforts of the company and all its locations successfully completed audits performed by the authorized audit firms accredited by Türkak and audits performed by the public health directorates as well as local authorities (district governments), as it did in the previous years. In this context, the Company continues to take measures in line with the updated guidelines announced by the Ministry of Health, and videos, e-mails as well as visual materials are used to inform all personnel about ways of protecting themselves from the Covid-19 and staying safe. All offices and facilities are disinfected periodically

using Nano Ion technology. Hygiene kits (masks, gloves and hand sanitizers) are distributed to all employees, their families and all subcontractor personnel. Everyone must wear a mask at all locations, indoor and outdoor areas and on employee shuttles. Special waste bins are provided for used masks and gloves in order to prevent potential contamination. The locker rooms and all common indoor areas are rearranged to meet the social distancing rule. All common areas of guest-houses available at the facilities are restricted.

Close contacts of each employee at the plants are mapped and monitored systematically. Employees are informed about importance of vaccination when it comes to being protected from the Covid-19 and updated ratio of vaccinated people is monitored. The ratio of vaccinated people is currently 99.9 percent at the company.



OHS CAPTAINS GUIDING ON SITE

In 2021, the Company launched a number of projects to further improve the Occupational Health and Safety culture. Akçansa management team performed cross-site audits at all locations. These audits improved the interaction between role model executives and employees about occupational health and safety matters. Occupational Health and Safety Captain Project is one of the initiatives launched this year. The project named volunteer employees as OHS Captains. The OHS Captains observe and guide their colleagues on sites. Seven executives attended to NEBOSH International Occupational Health and Safety training program organized for improving the

Occupational Health and Safety knowledge of executives. The Cement Industry Employers' Association (CEIS) organized the first "OHS Leadership Training Program" for assuring adoption and embracement of the OHS culture by all employees / executives and 19 Akçansa employees received certificates after successfully completing the program. Akçansa and its shareholder Heidelberg Cement continue to organize joint occupational health and safety activities. "Akçansa Occupational Health and Safety Week" organized at all locations for one week between October 04 and 08, 2021 was part of these activities and included a number of organizations, trainings and site visits by senior management to improve awareness and perception of employees.

2021 OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE INDICATORS:

39.205

Occupational Health and Safety Trainings (Man/Hour)

56.325

Safety Talks

19.290

Dangers Reported

1.494

Site Audits

6,3

Accident Frequency

122,3

Accident Severity



WE ARE HERE TO ENRICH FUTURE

Akçansa continues to inspire its sector with the social responsibility projects launched by the company. Akçansa creates awareness about and, moreover, finds solution to overcome current social problems with its human resources and partnerships established as well as launching projects all around the country.



CELEBRATING REPUBLIC IN ÇANAKKALE

Sabancı Group started “Sabancı Mobilizing For the Republic” campaign to honor the 98th anniversary of our Republic and leave a beautiful future to the nature, living creatures and new generations and Akçansa contributed with an impressive project launched by its employees and their families. Sabancı Group’s “Mobilizing For the Republic” initiative organized a number of events in 10 different cities in 2021 and Akçansa employees as well as their families played a part in this mobilization initiative with two different events organized in Çanakkale. On November 2, Tuesday, over 100 volunteers gathered in Bozalan and planted 2 thousand 500 pines. On November 3, Wednesday, students of Mahmudiye Primary & Secondary School, Akçansa employees and their families painted murals on different spots around the school and planted trees in the garden.





OF TOYS CHEERED YOUNG HEARTS

Akçansa employees supported the Brotherhood of Toys Project, a project sending toys to and cheering children living in the Southeastern and Eastern Anatolia, on the World Kindness Day. Clothes and toys collected during the project were delivered to children in need.

PICKED UP PIECES TOGETHER AFTER FIRE

In summer 2021, we had fire outbreaks in a number of cities all around Turkey and Akçansa supported AHBAP Association to recover from financial losses and mental anguish caused by these fires. We supported AHBAP Association to rescue all living creatures harmed by the consecutive fire outbreaks and to recover from losses suffered during and after the disaster.



TAKING CARE OF OUR FURRY FRIENDS

Akçansa family respects our furry friends' right to life since we all share this planet, and organizes activities for the welfare of our dear friends. Akçansa employees celebrated the World Animal Day with an outstanding activity. The Company made a donation to Angels Farm Sanctuary, Turkey's the first and largest farm animal rescue shelter where animals in need can always have a place and receive necessary care.

AKÇANSA IS ALWAYS HERE FOR YOU

AKÇANSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ

1 JANUARY – 31 DECEMBER
2021 BOARD OF DIRECTORS
ANNUAL ACTIVITY REPORT

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

To the General Assembly of Akçansa Çimento Sanayi ve Ticaret A.Ş.

1. Opinion

We have audited the annual report of Akçansa Çimento Sanayi ve Ticaret A.Ş. (the "Company") for the 1 January - 31 December 2021 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Company's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set financial statements and with the information obtained in the course of independent audit.

2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Our Audit Opinion on the Full Set Financial Statements

We expressed an unqualified opinion in the auditor's report dated 18 February 2022 on the full set financial statements for the 1 January - 31 December 2021 period.

4. Board of Director's Responsibility for the Annual Report

Company management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") are as follows:

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
BJK Plaza, Süleyman Seba Caddesi No:48 B Blok Kat:9 Akaretler Beşiktaş 34357 İstanbul-Turkey
T: +90 212 326 6060, F: +90 212 326 6050, www.pwc.com.tr Mersis Numaramız: 0-1460-0224-0500015

a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;

b) to prepare the annual report to reflect the Company's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Company may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.

c) to include the matters below in the annual report:

- events of particular importance that occurred in the Company after the operating year,
- the Company's research and development activities,
- financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited financial statements of the Company and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited financial statements and with the information obtained in the course of audit.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Baki Erdal, SMMM
Partner

Istanbul, 18 February 2022

A) General Information

Company Name: Akçansa Çimento Sanayi ve Ticaret A.Ş.
Registered Office Address: Barbaros Mahallesi Kardelen Sokak No:2 D.124-125
Palladium Tower Ataşehir /İstanbul
Registered Office's Phone & Fax #: 0216 571 30 00-0216 571 30 31
Trade Register Number: Istanbul Registry of Commerce, 129269
Mersis (Central Reg. System) #: 0229-0003-9470-0017
Official Website: www.akcansa.com.tr

Company Capital:

The company is subject to the registered capital system; its authorized share capital is TRY 500.000.000 and paid up capital is TRY 191.447.068,25.

Reporting Period: January, 01 2021- December, 31 2021

Business sector of the company:

Akçansa Çimento Sanayi ve Ticaret A.Ş. (hereinafter shall be briefly referred as "Akçansa" or as the "Company") produces cement, clinker, ready-mixed concrete and aggregate.

Shareholding Structure:

	SHARE AMOUNT in TRY	SHARE RATIO %	NUMBER OF SHARES (UNIT)
HEIDELBERGCEMENT AG.	76.035.135,41	39,72	7.603.513.541
HACI ÖMER SABANCI HOLDİNG A.Ş.	76.035.136,43	39,72	7.603.513.643
PUBLIC SHARES	39.376.796,41	20,56	3.937.679.641
GRAND TOTAL	191.447.068,25	100,00	19.144.706.825

Information on Privileged Shares

The Company has not issued any privileged shares.

Board of Directors

Burak Turgut Orhun, Chairman (*)	12.05.2021-29.03.2024
Hayrullah Hakan Gürdal, Vice Chairman	29.03.2021-29.03.2024
Ahmed Cevdet Alemdar, Member	29.03.2021-29.03.2024
Dr. Carsten Sauerland, Member	29.03.2021-29.03.2024
Mehmet Sami, Independent Member	29.03.2021-29.03.2024
Dr. Markus C. Slevogt, Independent Member	29.03.2021-29.03.2024

The Company's General Assembly has authorized the BOD Members to do the acts and actions listed under Articles 395 and 396 of the Turkish Commercial Code.

(*) Mr. Tamer Saka was elected as a BOD Member by our Company's Ordinary General Meeting held on 29.03.2021 and his term of office was 3 years however, he resigned from his office during his term of office and according to the BOD Resolution dated 30.04.2021; resignation of Mr. Tamer Saka was accepted, effective as of 11.05.2021, and Mr. Burak Turgut Orhun was appointed as the BOD Chairman; his appointment shall be effective as of 12.05.2021 and submitted to the approval of the next General Meeting to be held.

Authorities and Responsibilities of the BOD Members and Executives

The Company's Articles of Association establishes the Board of Directors' right to manage and authorities to represent. On the other hand, the rights and responsibilities of the executives are not defined in the Company's Articles of Association. However, these authorities and responsibilities are determined by the Company's BOD.

Working Principles of the Board of Directors

The Company's BOD had total 69 meetings between January 1, 2021 and December 31, 2021; 4 face-to-face meetings and 65 meetings were held after obtaining written consent in accordance with the Turkish Commercial Code and the Company's Articles of Association. Agenda of the Company's BOD meetings is determined through discussions among the Company's Board Chairman, attending Board Members and General Manager. The Briefing Committee shall prepare a file explaining the agreed agenda and contents of agenda items and submit it in writing minimum two weeks beforehand so that the BOD Members can duly review and work on them.

The resolutions passed by the Board of Directors Members during the meetings held between January 1, 2021 and December 31, 2021 were not challenged and opposed.

Members who did not have a valid excuse attended to the Board of Directors Meetings in person. The Board Members did not have any questions about such matters and, therefore, no questions were recorded in the meeting minutes. The Board Members did not have any weighted voting right and / or veto right related to the said resolutions.

Number, Organization and Independence of Committees Formed by the Board of Directors

The Board of Directors established the Audit Committee, Corporate Governance Committee and Early Detection of Risk Committee in accordance with the Corporate Governance Principles of the Capital Markets Board of Turkey and other related regulations. The Corporate Governance Committee also functions as the Nomination Committee and Remuneration Committee. The Audit Committee, Corporate Governance Committee and Early Detection of Risk Committee fulfill their duties in accordance with the internal regulations. The Audit Committee did not experience any conflict of interest between January 01, 2021 and December 31, 2021.

The Audit Committee holds minimum four meetings per year and minimum one meeting in each quarter; the meeting conclusions are documented and resolutions passed are submitted to the Board of Directors.

The Corporate Governance Committee holds four meetings per year, minimum one meeting in each quarter, and the meeting conclusions are submitted to the Board of Directors.

The Early Detection of Risk Committee holds meetings once every two months and minimum six times per year.

Reports stating information about the committees' works and meeting conclusions are approved by the Committee Members and then submitted to the Company's Board of Directors.

The current Working Principles of the Committees are available on our Company's official website.

The Briefing Committee does detailed studies and prepares detailed presentations on matters to be presented to the Board of Directors before the Board Meetings. The Company's Internal Audit Manager submits the relevant issues and reports to the Audit Committee Members in accordance with the Corporate Governance Principles.

Committees

Audit Committee

Mehmet Sami, Chairman
Dr. Markus C. Slevogt, Member

Corporate Governance Committee

Mehmet Sami, Chairman
Dr. Markus C. Slevogt, Member
Dinçer Bulan, Member

Early Detection of Risk Committee

Dr. Markus C. Slevogt, Member
Mehmet Sami, Chairman

Auditor

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

Disclosure of Conflicts of Interest observed between Service Providers and Company

When selecting the service providers, the Company complies with the related capital market regulations and takes necessary measures in order to prevent potential conflicts of interest. The Company and abovementioned service providers of the Company did not have any conflicts of interest during or after the service procurement period.

Changes made this year in the senior management team and names, surnames & professional background of the current members

Mr. Barış Karahüseyin was our Company's Sales & Marketing Assistant General Manager but he left the company on 10.08.2021.

Our Company has strategic and sustainable growth targets and aims to have a more focused and agile response to ever-changing and more challenging conditions of competition. Accordingly, the Company reviewed the Cement and Ready-Mixed Concrete Functions and decided that these two should be managed as two separate entities. Our Company passed BOD Resolutions on 17.11.2021 and resolved that the following organizational changes and appointments shall be effective as of 01.12.2021.

- Mr. Ümit Çetin, currently acting as the "Assistant General Manager - Procurement and Logistics", shall be appointed as the "Assistant General Manager - Cement Sales, Marketing and Business Development",
- Mr. İlker Koç shall be appointed as the "Assistant General Manager - Ready Mixed Concrete, Aggregate Sales and Marketing",
- Mr. Sinan İnaç, currently acting as the "Strategy and Business Development Group Manager", shall be appointed as the "Assistant General Manager - Procurement and Logistics",

- Furthermore, Mr. Steffen SCHEBESTA resigned from his office as the "Assistant General Manager - Finance" on 12.12.2021 and Mr. Jason South was appointed as the new Assistant General Manager - Finance, effective as of 13.12.2021.

Our current senior management members are as follows as of the report date.

Mehmet Zeki KANADIKIRIK / General Manager

Mr. Zeki Kanadıkırık received his Undergraduate Degree in Mechanical Engineering from the Middle East Technical University in 1986. In 1987, his professional life started at Çukurova Export Company and then he worked for Brisa between 1988 and 1994, Lubrekip between 1995 and 1998, Kordsa between 1998 and 2003 and Tekstil Servis between 2003 and 2006. In 2006, Mr. Kanadıkırık rejoined Kordsa family and worked as Kordsa Turkey's Business Director between 2009 and 2010, Thai Indo Kordsa Operations Director between 2010 and 2015 and Assistant General Manager of Asia Pacific Region between 2015 and 2020. He was appointed as the General Manager of Akçansa on September 1, 2020.

Gilles COVELLO / Assistant General Manager - Operations

Mr. Gilles Covello graduated from ENSI Clermont - Ferrand, Department of Chemical Engineering in 1991. Mr. Covello started his career in 1991 as an Environment and Process Engineer at Ciments Français Gargenville Plant and, then, he worked as a Quality and Kilns Manager at Calcia Beffes Plant between 1993 and 1996. He held the following positions, respectively, between 1996 and 2016 at Italcementi Group Calcia; Production Manager at Beffes Plant, Assistant Plant Manager at Picton Plant, Production Manager at Bussac Plant, Development Manager at Bussac Plant, Production Manager at Couvrot Plant, Plant Manager at Bouin Plant, Plant Manager at Gargenville Plant, Plant Manager at Couvrot Cement Plants and, finally, he worked as the Technical Director of HeidelbergCement Suez Cement Egypt between 2016 and 2019 and he was in charge of 5 integrated plants with 11 mt/y capacity. He was appointed as the Assistant General Manager - Operations of Akçansa on March 04, 2019.

Jason SOUTH / Assistant General Manager - Finance

Mr. Jason South graduated from Sam Houston State University, Department of Economics in 2002 and received his MBA Degree from Texas Christian University, Department of Business Administration in 2008. He started his career in 2003 when he joined the accounting department of Hanson Aggregates Products Inc. and he held the following roles until August 2010; "Credit Analyst", "Trade Marketing Specialist" and "Senior Financial Analyst". Then, he had the following roles, respectively, at Lehigh Hanson between August 2010 and November 2021; "Financial Analysis Manager", "Strategy and Development Manager", "Financial Planning and Analysis Senior Director" and "Financial Planning and Analysis Assistant General Manager". He was appointed as the Assistant General Manager - Finance of Akçansa on December 13, 2021.

Berrin Yılmaz / Assistant General Manager - Human Resources

Ms. Berrin Yılmaz graduated from the Middle East Technical University, Department of Business Administration in 1993. In 1995, she received her MBA from Bilkent University. She began her professional life at Eczacıbaşı Baxter and worked as a Human Resources Specialist between 1995 and 1998. Then, she worked as the Human Resources Manager at Eczacıbaşı Baxter between 1998 and 2006, Human Resources Director of Roche İlaç between 2006 and 2015, General Manager of Atrain GmbH between 2015 and 2017, and Human Resources Director of Sabancı Holding between 2017 and 2018. She was appointed as the Assistant General Manager - Human Resources on 01.07.2018.

Ümit Çetin / Assistant General Manager - Cement Sales, Marketing and Business Development

Mr. Ümit Çetin graduated from Bilkent University, Department of Banking and Finance in 2006. He worked as an Auditor at Ernst & Young in 2007 and 2008, Internal Auditor at Hayat Holding in 2008 and 2009, Internal Audit Executive at Olmuksa between 2009 and 2012, Internal Audit Manager at Çimsa between 2012 and 2015 and Assistant General Manager - Supply Chain at Çimşa between 2015 and 2019. He was the Assistant General Manager - Procurement and Logistics of Akçansa between October 2019 and November 2021. He was appointed as the "Assistant General Manager - Cement Sales, Marketing and Business Development" on December 1, 2021.

İlker KOÇ / Assistant General Manager - Ready-Mixed Concrete, Aggregate Sales and Marketing

Mr. İlker Koç completed his undergraduate studies at the Middle East Technical University, Department of Civil Engineering and received his postgraduate degree in Business Administration (Executive MBA) from Sabancı University. In 1994, he began his professional life as a Site Engineer at Rizzani de Eccher and, after that, worked as a Site Manager at Astaldi and Sinta between 1995 and 1998. He joined Akçansa family in September 1998 as a Specialist of Marketing Planning and Sales Departments. He worked as a Senior Engineer at HeidelbergCement Technology Center in Germany between 2008 and 2012. After that, he continued his career at Akçansa as a Quality and R&D Manager, Marketing and Special Products Manager and also as a Technical Sales Support and Special Products Manager. He was the Company Manager of Karçimsa between December 2020 and November 2021. He became the "Assistant General Manager - Ready Mixed Concrete, Aggregate Sales and Marketing" on December 1, 2021.

Sinan İNAÇ / Assistant General Manager - Procurement and Logistics

Mr. Sinan İnaç graduated from Dokuz Eylül University, Department of Business Administration (Medium of Instruction: English) in 1999. His professional life started in 2003 at Çimentaş and he worked as a Budget and Cost Control Specialist between 2003 and 2007, Planning & Budget and Control Chief between 2007 and 2011, Planning & Budget and Control Manager between 2011 and 2015, Strategy and Marketing Manager (Cement and Ready Mixed Concrete) between 2015 and 2017, Planning & Budget and Control East Mediterranean Region Leader between 2017 and 2019 and, finally, as the Planning & Budget and Control Director. He joined Akçansa family in 2019 and he had the following roles, respectively: Strategy and Business Development Manager, Strategy and Business Development Group Manager. He was appointed as the "Assistant General Manager - Procurement and Logistics" on December 1, 2021.

Mustafa TURAN / Plant Manager - Büyükçekmece Plant

Mr. Mustafa Turan graduated from Istanbul Technical University, Department of Mechanical Engineering in 1985 and received his postgraduate degree from Istanbul Technical University, Department of Mechanical Engineering in 1989. His career began in 1989 at Çimsa as a Cement Production Engineer and he worked for Mersin Factory. His roles at Çimsa were, respectively, Production Manager - Kayseri Plant, Plant Manager - Kayseri and Plant Manager - Eskişehir & Ankara between 02.2005 and 10.2018.

Ömer Sinan GENÇ / Plant Manager - Çanakkale Plant

Mr. Ömer Sinan Genç graduated from Ege University, Department of Chemical Engineering in 2002. He has been working for our Company since 2007 and had the following roles, respectively: Production Engineer - Ladik Plant, Semi-Finished Products Chief - Büyükçekmece Plant and Production Manager - Büyükçekmece Plant. He was appointed as the Plant Manager - Ladik on 02.10.2017 and Plant Manager - Çanakkale Plant on 15.10.2018.

Devrim Özgür DEMİR / Plant Manager - Ladik Plant

Mr. Devrim Özgür Demir graduated from Anadolu University, Department of Chemical Engineering in 1994. Mr. Demir began his career in 1997 at Habaş Industrial and Medical Gases Company and worked as a Quality and Production Engineer. He worked as a Production & Maintenance Supervisor at Karçimsa and, respectively, as Clinker Production Supervisor - Çanakkale Plant, Production Manager - Ladik Plant and Quality Manager - Büyükçekmece Plant of Akçansa between 08.1997 and 10.2018. He was appointed as the Plant Manager - Ladik Plant on 15.10.2018.

Personnel and worker turnover, collective agreements, rights and benefits of personnel

Akçansa has 987 employees as of December 31, 2021.

The 2-Year Collective Agreement was binding for the period between 01.01.2020 and 31.12.2021 and it expired on December 31, 2021. The collective agreement negotiations between the Cement Industry Employers' Association (CEIS) and Turkish Union of Cement, Ceramics, Earthenware and Glass Industry Workers for the new period between 01.01.2022 and 31.12.2023 ended and parties reached a consensus. We are a member of the Cement Industry Employers' Association (CEIS) and Turkish Union of Cement, Ceramics, Earthenware and Glass Industry Workers and these organizations started negotiating about the new period's collective agreement on December 22, 2021 and the parties agreed on a 2-year contract on January 28, 2022.

The Agreement can be summarized as follows:

- In the 1st year of the Agreement, net hourly wage of the workers, who work for the company on 01.01.2022 and have a valid employment contract on the date of signing the collective agreement, shall be increased by 43 %, effective as of 01.01.2022,

- In the 2nd year of the Agreement, net hourly wage of the workers, who work for the company on 01.01.2023 and have a valid employment contract, shall be increased by Consumer Price Index + 2.

Workers receive seniority incentive premium payment on the months marking their each five-year seniority, as required under the collective agreement.

Prohibition of transacting and competing with the Company

The Company's Board Members did not transact with the company and attempt to compete in the same lines of business.

B) Financial Rights

The Company did not give a loan to any Board Member; provide credit facilities; extend term of the loans and credits already provided; improve their terms and conditions; provide any credit facilities as personal credit through a third party or offer collaterals such as guarantees in favor of the Board Members between January 01, 2021 and December 31, 2021. The Ordinary General Meeting held on March 29, 2021 decided that a gross monthly amount of TRY 16.000 shall be paid to the Independent Board Members.

The Company has a Compensation Policy for the Board of Directors Members and Senior Management Team and the policy is available to the public on the company's website.

Total of wages and benefits offered to the Senior Management Team

	1 January – 31 December 2021
Short term benefits provided to the Senior Management Team	9.610.226
Exit-package benefits	56.660
Other long term benefits	217.369
Total earnings	9.884.255
Employer's Share for Social Security	436.525

C) Research & Development Activities

Akçansa collaborates with universities, public institutions, sectoral Non-Governmental Organizations and Heidelberg Technology Center for developing new products, working on product optimization, presales and aftersales technical support, training, organizing classes and seminars at universities on cement and concrete technologies, technical trips organized for university students, organizing expos and issuing brochures as well as national / international scientific journals (papers).

Key R&D Projects Completed:

- Research on Use of Mineralizer in Clinker Production (Tübitak Teydeb (Scientific and Technological Research Council of Turkey, Department of Technology and Innovation Support Programs) Project)
- Research on Hydration Reactions and Effects in Cement (in collaboration with Sabancı University)
- Determining Criteria of Using Products Recovered from Construction and Debris Wastes (Tübitak Teydeb Project)
- Research on Use of Microalgae as Supplementary Fuel and CO2 Retainer in Cement Production Process (Tübitak Teydeb Project)
- Development of High Performance Cement and Concrete Products for the 3rd Bosphoros Bridge (Yavuz Sultan Selim Bridge)
- Development of High Performance Cement and Concrete Products with High Consistency Protection for Major Infrastructure Projects
- Development of High Consistency and High Performance Concrete Products for High-Rise Buildings
- Development of High Performance Cement and Concrete Products for 1915 Çanakkale Bridge Project
- Project on Monitoring Concrete Samples with RFID Tags (in collaboration with Ankaref and Vuruşkan Companies)
- Macro Synthetic Fiber Reinforced and Roller Compacted Concrete Road Project (in collaboration with Boğaziçi University and Kordsa)
- Project on Designing Cement and Concrete with Advance Thermal Specifications
- A Real-Time Tracking System for Tracking Concrete Strength with Sensors on Digital Platforms (with Tablets or Smart Phones) (SmartBeton)
- Tracking Quality Control Parameters in Cement Production
- Performance Analysis of Cement Grinding Additives
- Life-Cycle Analysis for Standard and Special Ready-Mixed Concrete Products and Obtaining EPD (Environmental Product Declaration) Certificates

Key R&D Projects Completed in 2021:

- Creating CO2 Roadmap (CO2 Road Map) and Planning Development of Low Carbon / Low Clinker New Products (New Product Plan) in the light of 2023 Sustainability Goals
- Use of Activated Natural Materials (Calcined Clay) as Cement Replacement (in collaboration with Sabancı University)
- Development of Waterproof Concrete (Hidromix) Designed For Meeting Structural Insulation Method Requirements Defined in Waterproofing Regulation
- Development of a Tool to Calculate Load Bearing Capacity and Equivalent Fittings of Macro Synthetic Fiber Reinforced Ground Concrete (Kratosbeton)

On-going Key R&D Projects:

- Research on Carbon Capture, Usage and Storage (CCUS) Technologies
- Research on Use of Alternative Mineral Additives in Cement and Concrete Production and Low Carbon / Low Clinker Production Technologies
- Quality Control Parameters Forecast with Advanced Data Analytics in Cement and Concrete Production
- Project on Concrete with Nuclear Screening Performance (in collaboration with the Turkish Atomic Energy Authority)

Ready-mixed Concrete Activities:

In 2021, the Technology Center Laboratory completed total 1593 concrete tests on raw material performance on concrete phase, optimization and special product studies.

These tests are:

- Special Product Tests,
- Aggregate Performance Tests,
- Cement Performance Tests,
- Chemical Additive Tests,
- Mineral Additive Tests and
- Project-Specific Solution Tests.

D) Major Developments about the Company Operations and Activities

Developments in the sector and key factors impacting the sector

Cement production increased by 8.4 % in the first 11 months of 2021 compared to the past year. Nearly 22 % of the cement produced was exported. Year-on-year increase in domestic sales was 8.4 % in the first 11 months of 2021 whereas increase in cement export was 3.2 %.

According to data provided by the TUIK (Turkish Statistical Institute), the highest increase in cement and clinker export was achieved with Italy in the first 11 months of 2021 and our country mostly exported to the United States of America, Israel, Ivory Coasts, Ghana, Syria and Guinea, respectively.

In 2020, the sector grew by approximately 23 % and the sales were increased in 2021 as the market was reopened and with the base effect. However, the sales were decreased as the base effect was eliminated in June and construction works were interrupted in July during the Holidays. In August, production as well as domestic sales and exportation were around the last year's level. The domestic sales have been decreasing for the past 3 months. Price and exchange rate increases had a significant impact on the production inputs. Despite this challenging environment, the factories tried to increase their export figures.

According to the building licenses issued by the municipalities, year-on-year increase in the number of buildings was 59.5 % in the first 9 months of 2021 whereas number of apartments, surface area and value increased by 33.4 %, 36.4 % and 86.3 %, respectively. According to the occupancy permits issued by the municipalities, year-on-year increase in the number of buildings was 13.0 % in the first 9 months of 2021 whereas value increased by 34.3 % however surface area and number of apartment decreased by 1.3 % and 1.5 %, respectively. Year-on-year increase in house sales was 59.0 % all around Turkey in November 2021.

Major Operational Developments

Karçimsa Çimento Sanayi ve Ticaret A.Ş. is the only subsidiary reported using the complete consolidation method in our Company's financial statements and we decided to sell all of our 51 % shares in this subsidiary to third parties for a total amount of 5.000.000 US Dollars (equals to 46.512.000 Turkish Liras according to the Turkish Central Bank's exchange selling rate on the date of contract signing) and the share sales & transfer process was completed on 22.10.2021. Therefore, our Company's financial statements and activity reports shall not be prepared in a consolidated way in 2021 and in the following accounting periods.

Our Production Capacities

Capacities at our plants and facilities are summarized in the following table.

PLANT CAPACITIES (Ton / Year)	Cement Production Capacity	Clinker Production Capacity	Operating Capacity
Büyükçekmece	2.527.776	1.943.000	-
Çanakkale	5.500.000	4.450.000	-
Ladik	1.013.760	643.500	-
Ambarlı	-	-	745.200
Aliağa	-	-	224.400
Yalova	-	-	384.000

Information on the Business Sector of the Company and its Role in the Sector

Akçansa is the leading building materials company in Turkey and, as a business responsible for almost 6 percent of cement consumption in our country, it significantly contributes to the national economy.

According to data published by the Central Anatolia Exporters' Union, the sector's export volume marked a total of 31 million tons and 1.2 million dollars in 2021. Total quantity of clinker and cement exported by Akçansa was 3.7 million tons. With this export volume, Akçansa has 11.6 percent share in the sector. The company exports nearly half of its production and its primary export markets are North America, East Mediterranean Countries and West Africa.

In 2021, Akçansa port operations continued and expanded. In addition to Ambarlı Port, the Company increased its capacity and continued to provide services at Çanakkale Port and Yalova Terminal. The handling capacities at Ambarlı Port, Çanakkale Port and Yalova Terminal are 2.4 million tons, 4.5 million tons and 0.7 million tons, respectively. Furthermore, the Company earned additional revenues from supplementary services provided to vessels at Ambarlı and Çanakkale Ports in 2021.

Akçansa was the first company that published a sustainability report in the Turkish cement sector and, focused on "people", "innovation" and "environment", Akçansa hopes to create value for all its stakeholders with its activities. The company's principle to comply with all regulations at all locations and ISO 14001:2015 Environment Management System audits made at three plants in 2021 were completed successfully.

Akçansa, the solution partner of several projects that makes Turkey proud, offers instant tracking of concrete resistance with smart sensors placed in the concrete, namely Smart Concrete Product, used for 1915 Çanakkale Bridge. This innovative approach reinforces Akçansa brand's leading position in the sector when it comes to innovation. Since its establishment, Akçansa has been working with the goal of contributing to the future of Turkish Economy and it shapes the future of business world by combining qualified human resources and technology in its operations.

Sustainability is at the heart of all company operations and its operating principle is to "work responsibly for the future" by integrating economic, ecological and social goals into its business strategy. Meeting real expectations of local communities in the light of social requirement map of all its locations is a priority of the company and the company's approach is based on mutual trust, information exchange and transparent communication with all its stakeholders. Akçansa aims to make a sustainable difference for people and communities in a wide spectrum including education, sports, culture and art.

Akçansa aims to meet demands of its domestic and international customers and preserve its pioneering role in the sector by making a difference with its innovative power as well as hoping to offer "the best quality in production and service", and the company paves the way for future by respecting the environment, launching social responsibility projects and embracing an approach focused on people. 10 international human resources awards won by Akçansa in 2021 were some of the key achievements and the Company takes key initiative in building a gender-equal society. The Company intends to increase level of its female white collar employees up to 30 percent by 2030 and, also, the company shared its updated Gender Equality Policy with all employees.

Akçansa strives to support a more sustainable and greener economy in line with the development goals of Turkey and it recovers nearly more than 500 thousand tons of waste at its plants per year. Akçansa Büyükçekmece Plant used 73 thousand tons of dehydrated sewage sludge coming from ISKI (Istanbul Water and Sewerage Administration) treatment facilities in Istanbul. Level of using alternative fuels was 26 percent at Akçansa Ladik Plant and Çanakkale Plant started to procure different types of alternative fuels from a number of resources.

The Company has installed a Continuous Emission Measurement System on all its main smokestacks and does real-time measurement of dust and all fuel gas 24/7 in its smokestacks. Also, these readings can be instantly monitored by the Turkish Ministry of Environment, Urbanism and Climate Change and Provincial Directorates of Environment and Urbanism. Furthermore, all legal requirements related to the filters and dust & gas emissions in main smokestacks are controlled regularly through annual measurements made by accredited organizations. Quarterly measurements are made since wastes are incinerated in the kilns and these measurements are reported to the Ministry of Environment, Urbanization and Climate Change. The Company unconditionally believes that occupational health and safety must always be the utmost priority for continuing its successful operations and, therefore, takes all kinds of measures required by the legislations.

Betonsa, ready-mixed concrete brand of Akçansa, continues to organize specific training programs and uses its sectoral knowledge for the benefit of its stakeholders. The Company organizes periodic trainings for its customers, construction companies, concrete component producers, civil engineers, audit firms as well as engineers and technical personnel working for the local and central authorities. These trainings focus on concrete technology, durability of concrete and importance of maintenance & curing. Furthermore, Betonsa organizes trainings for its personnel working for “Sales, Quality and Field/Operations” functions.

Investment Progress & Incentives

As of December 31, 2021; the Company has the Investment Incentive Certificate dated 25.10.2021 and numbered 528875 and the total value of this Certificate issued for production of fuel using worn-out tires is 16.5 million Turkish Liras.

Total of company’s investment expenditures was approximately 150.8 million Turkish Liras as of December 31, 2021.

Our Investments

- o In 2021, we reinforced the structure of Çanakkale and Büyükçekmece plants and the project included reinforcing 3rd Raw Mill in our Büyükçekmece Plant as well as adjacent buildings, electrical maintenance building, OHS building, Quality Laboratory Building and 3rd Crusher Building. The project of reinforcing Çanakkale Plant included improving safety of the 2nd Kiln raw meal silo and 7th Cement Silo. Tendering process of dock reinforcement works to be procured for our Çanakkale Plant was finalized and the works started after the work site was delivered to the contractor company.
- o Büyükçekmece Plant has completed and commissioned a project to integrate a sieve into the RDF system for sorting the large sizes and foreign substances and, therefore, increasing the use of alternative fuels.
- o 1st Kiln Tire Incineration System was revised for increasing use of alternative fuels at our Çanakkale Plant and the project on preparing the tires for incineration in the calcinatory was completed successfully. All equipment used for this project was obtained from local manufacturers.
- o We started working on design of the tire disintegration system and procurement of necessary equipment for increasing the tire disintegration capacity of our Çanakkale Plant and we have placed the orders.
- o As a part of the ongoing de-dusting projects of our Büyükçekmece factory: our investments have improved de-dusting level of our clinker Stokhol®. As a matter of fact, our de-dusting investments continued with de-dusting the 3rd and 4th Cement Mills in our Çanakkale Plant.
- o Our Çanakkale Plant completed its project on improving flow of 2nd Kiln waste heat gas pipes. Also, 2nd Kiln electro filter of our factory was modernized. We invested in improving the coal dosing system of the 1st Kiln. Mill mantle of the 1st cement mill was replaced.

- o Main drive system of the 1st Kiln was completely renewed in our Büyükçekmece Plant. Raw meal mill bunkers of the 2nd Kiln were rehabilitated and their production performances were improved.
- o We launched a process improvement project for the 1st Kiln in our Çanakkale Factory and the implementation will take place in April 2022.
- o Occupational Health and Safety & Environment Investments continue at all our plants non-stop.
- o As a part of the ready-mixed concrete investment projects, the factories have been working on the new legal requirements about occupational health and safety & environment.
- o When making investments, our priority is to use domestic equipment as much as possible for assuring continuous development of the domestic industry and contributing to our national economy.

E) Corporate Governance and Sustainability Principles

Akçansa Çimento Sanayi and Ticaret exercised due diligence and followed the principles in “Corporate Governance Principles” released by the Turkish Capital Market Board (CMB) during the accounting period from 01.01.2021 to 31.12.2021. Our company’s principle is to comply with the Corporate Governance Principles when it comes to resolutions and formalities related to the shareholder rights, public disclosure and assuring transparency as well as the stakeholders and Board of Directors. Accordingly, one of our Company’s primary goals is to implement and follow the aforementioned principles with shareholders complying with obligation to disclose and corporate governance principles. The company has exercised due diligence for complying with the principles in the “Corporate Governance Principles” released by the Turkish Capital Market Board (CMB). As for the other optional principles and principles the Company have not managed to fully comply with; there were on conflicts of interest between our Company and stakeholders.

Akçansa Çimento Sanayi ve Ticaret A.Ş. issued its 2021 Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF) according to the new reporting formats prepared in accordance with the CMB’s decision dated 10.01.2019 and numbered 2/49, and the reports were published on the Public Disclosure Platform on 18.02.2022. Recent updates of the announcements related to the Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF) are available on the following link: <https://www.kap.org.tr/tr/sirket-bilgileri/ozet/838-akcansa-cimento-sanayi-ve-ticaret-a-s>

Akçansa hopes to fully comply with the Sustainability Principles Compliance Framework that was issued pursuant to the amendment made by the Turkish Capital Market Board on the Corporate Governance Communiqué on 02.10.2020 and the Company has managed to significantly comply with these principles in the previous years. On the other hand, the Company plans to work on increasing compliance to the said compulsory principles in 2022 by considering interests of all stakeholders, particularly the shareholders. The Sustainability Principles Compliance Report showing the level of compliance with the principles listed in the Turkish Capital Market Board’s Sustainability Principles Compliance Framework is available on the following link: <http://www.akcansa.com.tr/surdurulebilirlik/raporlarimiz/>

OUR VISION

“Sustainable growth beyond all borders”

To achieve sustainable growth beyond all borders in the building materials sector as a company trusted by all our stakeholders and having the most preferred business model

OUR MISSION

To become a leading building materials company that creates value for our:

- o Customers with innovative products, services and solutions,
- o Shareholders with our superior financial performance,
- o Personnel with our management approach prioritizing occupational health and safety and continuous development opportunities,
- o Environment by using alternative fuels and raw materials and prioritizing recovery process and biodiversity and
- o All our stakeholders

The Company's strategic goals are set by the Board of Directors through discussions with the shareholders and these goals cover a 3-year period. Furthermore, the annual budgets prepared within the framework of these strategic goals are approved by the Board of Directors.

The Board of Directors has firsthand knowledge about the enforcement process of decisions passed in parallel with the comparative presentations made by the Company officials. These presentations compare and contrast the budgeted and actual results of the current year as well as offering comparative year-on-year information to the Board of Directors. The Board of Directors repeats this process minimum four times a year.

Public Disclosure and Transparency

Being open to the public requires fulfillment of public disclosure and transparency obligations. According to our Public Disclosure and Transparency Principles and our Information Policy, we have an e-Company application at the Central Registry Agency and our investors can have access to the "Information Society Services". The Information Society Services are available on www.mkk.com.tr e-Company Companies Information Portal or through Information Society Services section on our Company's official website www.akcansa.com.tr, Investors' Relations Section.

The Company's registered website address is www.akcansa.com.tr and the website has an English section. The section is for the international investors.

In 2021, the company organized 10 digital conferences and 4 analyst meetings (online). Face-to-face analyst meetings could not be scheduled due to Covid-19 pandemic.

According to the Corporate Governance Principles, the Company's website is available to its shareholders and investors on www.akcansa.com.tr. The website includes information about the matters specified in the Corporate Governance Principles. Our website include our corporate introduction, products and services, management systems, financial indicators, activity reports, investors' hub, financial statements, Information Policy, environmental activities, activities supporting social responsibility awareness and policies including our human resources.

Key contents of the website are as follows:

- Detailed information about the corporate identity
- Our Vision and Mission
- Information about the BOD Members and the senior management team
- Company's Organization and shareholding structure
- Company's Articles of Association
- Trade registry information
- Financial data
- Press releases
- Material Event Disclosures
- Date and agenda of the General Meeting, comments about the agenda items
- Minutes of the General Meeting and list of attendants
- Sample Proxy
- Corporate Governance practices and compliance report
- Profit distribution policy, its history, and capital increases
- Disclosure Policy
- Compensation Policy for the BOD Members and senior management team
- Frequently Asked Questions

Dividend Policy

Company's Dividend Policy:

The Dividend Policy of Akçansa Çimento Sanayi ve Ticaret A.Ş. has been established in accordance with the Turkish Commercial Code, Capital Market Regulation and other regulations as well as the Dividend articles in our Company's Articles of Association; the Policy balances the mid and long term strategies, investment and financial plans of Akçansa Çimento Sanayi ve Ticaret A.Ş. with the shareholders' expectations and Company's needs by considering the national economy and general outlook of the sector.

The amount of dividend to be paid shall be determined with a Resolution of the General Assembly however, as a principle, minimum 50 % of the dividend distributable to the shareholders shall be in cash and / or bonus shares. The dividend will be distributed equally and at the earliest regardless of all current shares or dates of issuing & acquiring such shares but the dividends shall be paid to the shareholders on the date to be determined by the General Meeting and following the approval of the General Meeting within the periods stated under the laws.

According to Article 33 of our Articles of Association, the Board of Directors, if authorized by the General Meeting, might decide to pay advance on dividends to the shareholders.

The General Meeting might transfer all or some of the net profit to the extraordinary legal reserves account. If the Board of Directors of Akçansa Çimento Sanayi ve Ticaret A.Ş. submits a proposal to the General Meeting and proposes non-distribution of the dividends, the shareholders shall be briefed about the reasons and method of using undistributed dividends at the General Meeting.

The Dividend Policy shall be submitted to the approval of the shareholders at the General Meeting. This policy is reviewed every year by the Board of Directors according to the any adverse national and global economic conditions and status of projects & funds on the company agenda. Changes in this policy shall be submitted to the approval of the shareholders at the first general meeting following the changes and they will be announced to the public on the website.

The Dividend Policy was approved by the Ordinary General Meeting held on March 26, 2014.

Human Resources Policy

Akçansa believes that valuing human resources is the key of being successful and sees its employees as the core of all its activities. The Company hopes to be an employer that sets the bar high and that is preferred at all times in its sector as an employer offering opportunities to achieve continuous development and high performance as well as having qualified human resources.

In collaboration with Sabancı Holding and HeidelbergCement, Akçansa maintains modern Human Resources applications and creates a climate that will contribute to employee satisfaction and productivity. The Company's culture based on mutual trust and respect brings all its employees together with "Being a Part of Akçansa" identity. When establishing its Human Resources strategies and setting its prioritized goals, the Company considered the company's business goals as well as the environment created by the national and global economy and conditions specific to the cement, ready mixed concrete and aggregate sectors and port services segment.

The equal-opportunities work environment offered by Akçansa does not question personal details such as religion, language, race, sect, gender, physical conditions and lifestyle choices and it does not involve any practice that might be perceived as discrimination. The employees have not provided any negative feedback about discrimination at the company throughout its history.

We are the members of the Cement Industry Employers' Association (CEIS) and Turkish Union of Cement, Ceramics, Earthenware and Glass Industry Workers and the group collective agreement executed by and between for the period between 01.01.2020 and 31.12.2021 expired. A new group collective agreement was executed on 28.01.2022 for the period between 01.01.2022 and 31.12.2023.

Risk Management and Internal Audit Mechanism

According to the Turkish Capital Market Board's Communiqués on Determination and Implementation of Corporate Governance Principles, the Company established the Corporate Management Committee after the Ordinary General Meeting held on March 29, 2021. Our Independent BOD Member Mehmet Sami was elected as the Corporate Governance Committee Chairman pursuant to the provisions of the Communiqué whereas the Independent BOD Member Dr. Markus C. Slevogt was elected as the Corporate Governance Committee Member, Akçansa Reporting & Control and Investor Relations Group Manager Dinçer Bulan as the Corporate Governance Committee Member. The Company decided that the Committee shall also function as the Nomination Committee and Compensation Committee.

The Company has an in-house Internal Audit Manager and Internal Audit Specialists. The Company's operational purposes and principles are clearly defined. Following appointment of the Audit Committee, the Committee effectively fulfills its duties assigned by the Board of Directors in accordance with the Internal Regulations of the Audit Committee.

Identifying and monitoring all risks that might be the potential risks for our Company are the fundamentals of risk management. The Company and our executives have classified the potential risks and taken necessary measures. The Company takes out insurance policies against all kinds of financial risks; i.e. current & non-current asset risks, credibility, capital/indebtedness relationship, exchange rate risk and risk factors that might have direct impact on the company's financial status and against natural risks; i.e. natural disasters such as fire, earthquake so that risks that might impair our performance can be minimized for all our facilities. The Company uses SAP system to keep the systems running and to prevent data loss in case of an emergency/disaster. Decisions making and support processes are supported by assuring real-time follow-up, measurement and processing of the activity reports. SAP is a key technological infrastructure and it improves efficiency of the internal audit system by minimizing the human errors and, also, the Company focuses on investments such as a back-up system.

In parallel with the risk management and practices procedure adopted by our shareholders Hacı Ömer Sabancı Holding A.Ş. and HeidelbergCement Group Companies, the Company developed and follows processes for effective risk management. The Company has an in-house Corporate Risk Manager and this Manager briefs the Early Detection of Risk Committee with reports prepared regularly.

Company's Financial Sources and Risk Management Policies

The Company's financial needs are covered with short & mid-long term export registered loans in Turkish Liras and foreign exchange in parallel with the company's export potential. Identifying and monitoring all risks that might be the potential risks for our Company are the fundamentals of risk management. The Company and our executives have classified the potential risks and taken necessary measures. The Financial Risk includes current & non-current asset risks, credibility, capital/indebtedness relationship, exchange rate risk and risk factors that might have direct impact on the company's financial status. The natural risks refer to natural disasters such as fire, earthquake as well as all other risks that might impair our performance. All our facilities are insured to minimize the impact of natural risks. Our Company uses SAP system to keep the systems running and to prevent data loss in case of an emergency/disaster. Decisions making and support processes are supported by assuring real-time follow-up, measurement and processing of the activity reports. SAP is a key technological infrastructure and it improves efficiency of the internal audit system by minimizing the human errors and, also, the Company focuses on investments such as a back-up system. Our company monitors receivables risk, exchange rate risk, concentration, competition and sales channel efficiency risks monthly.

Measures Planned for Improving Company's Financial Structure

If required, Akçansa continues hedging activities in accordance with the company procedures for supporting the operating capital, continuously improving the financial structure, balancing exchanged-indexed cash inflows and outflows and supporting solid financing capacity.

Company's Subsidiaries, Affiliates and long term securities

Company	Territory	Type Partnership	of Share Ratio (%)
Çimsa Çimento San. ve Tic. A.Ş.	Türkiye	İştirak	8,98
Altaş Ambarlı Liman Tes. A.Ş.	Türkiye	İştirak	14
Eterpark End. Ürl. İml. Tic. İth. İhr. ve Pazl. A.Ş.	Türkiye	İştirak	8,73
Liman İşletmeleri ve Nakliyecilik San. ve Tic. A.Ş.	Türkiye	İştirak	15
Arpaş Ambarlı Römorkaj ve Pilotaj Tic. A.Ş.	Türkiye	İştirak	16
Ambarlı Kılavuzluk A.Ş.	Türkiye	İştirak	16

Karçimsa Çimento Sanayi ve Ticaret A.Ş. is the only subsidiary reported using the complete consolidation method in our Company's financial statements and we decided to sell all of our 51 % shares in this subsidiary to third parties for a total amount of 5.000.000 US Dollars (equals to 46.512.000 Turkish Liras according to the Turkish Central Bank's exchange selling rate on the date of contract signing) and the share sales & transfer process was completed on 22.10.2021. Therefore, our Company's financial statements and activity reports shall not be prepared in a consolidated way in 2021 and in the following accounting periods.

Information about the nature and amount of capital market instruments issued by the company, if any

None

Information about the own shares acquired by the company

Our Company did not acquire its own shares between January 1, 2021 and December 31, 2021.

Amendments made in the Articles of Association during the Period and Reasons

The Company amended its Articles of Association between January 1, 2021 and December 31, 2021. According to our Board of Directors' resolution dated 15.02.2021 and numbered 1467, validity of our company's registered equity ceiling expired by the end of 2020; the registered equity ceiling agreed for 2016-2020 shall be protected and the validity of the registered equity ceiling shall be extended for a new period of five years and the Company applied to the Ministry of Commerce and Turkish Capital Market Board in order to amend Articles 6 and 13 of the Company's Articles of Association for extending the validity of the registered equity ceiling and for years between 2021 and 2025 and also for holding the board of directors meetings on the electronic platforms, and the Company obtained the necessary permits. Amendment of the Articles of Association was submitted to the approval of our shareholders at the Ordinary General Meeting held on March 29, 2021 and it was accepted. The amended Articles 6 and 13 of the Company's Articles of Association were registered and published on the Turkish Trade Registry Gazette dated April 06, 2021 and numbered 10303.

Information about the Lawsuits filed against the Company

There are lawsuits filed against the Company. These lawsuits cannot impair and impact the financial status and operations of the Company.

Administrative or Judicial Sanctions Imposed on the Company and Members of Management Body due to Practices against the Regulations

There are no administrative or judicial sanctions imposed on the company and members of the management body due to practices against the Regulations between January 1, 2021 and December 31, 2021.

Information about Donations Made in the Year

Total amount of grants and donations paid to public institutions and organizations, particularly educational institutions, was 7.010.931,10 Turkish Liras in 2021.

Information about the General Meeting

In 2021, the Company held its General Meeting regarding 2020 Accounting Period on March, 2021 at the address of Sabancı Center 4. Levent / ISTANBUL with 81.98 % meeting quorum. The meeting call was published in Turkish Trade Registry Gazette dated March 05, 2021 and numbered 10281. The General Meeting Briefing Documents were published on the Company's Website www.akcansa.com.tr and made available to the shareholders three weeks before the meeting. A meeting proposal that should be responded by the shareholders in writing was not issued. The meeting agenda included agenda items about election of the BOD members and determining terms of office as well as appointment of an auditor, information about donations made in the year, setting a maximum limit of donations and grants for the next accounting period and amendment of the articles of association. All shareholders who wished to take the floor in the Ordinary General Meeting held in 2021 were given a chance to speak and ask questions. All questions were replied by the General Meeting Chairman without any time limitations. Questions asked in the General Meeting and replies were announced to the public on the Company's website, as required under Article 1.3,5 of the CMB's "Corporate Governance Principles" (II-17.1). The General Meeting Minutes, List of Attendants and Amendment Text of the Articles of Association and the Articles of Association are always available to the shareholders on www.akcansa.com.tr. The Ordinary General Meeting was held on 29.03.2021, registered on 06.04.2021 and announced in the Turkish Trade Registry Gazette dated 06.04.2021 and numbered 10303.

The Company did not have any Extraordinary General Meeting from January 01, 2021 to December 31, 2021.

Resolutions classified as material decisions under the Turkish Commercial Code are submitted to the shareholders at the General Meeting for approval.

Dividend Distribution

2020 profit of the capital was 191.447.068,25 Turkish Liras and total amount of 104.970.427,52 Turkish Liras, 54.83 % (gross) and 46.61 % (net), was distributed to the shareholders depending on their legal statuses and formalities related to this distribution in cash were completed on 30.03.2021.

Information about Operations

Our domestic sales turnover increased by 59 % compared to the last year and reached 1.71 billion Turkish Liras by the end of 2021. Our foreign sales turnover increased by 30 % and reached 1.15 billion Turkish Liras.

F) Financial Status

Summarized Financial Statements

Consolidated Financial Status Statement

December 31, 2021

Current Assets	1.795.274.126
Non-Current Assets	1.707.922.829
Total Assets	3.503.196.955

Short Term Liabilities	1.796.321.732
Long Term Liabilities	164.285.222
Total Liabilities	1.960.606.954
Equities	1.542.590.001
Total Resources	3.503.196.955

Consolidated Profit & Loss Statement

December 31, 2021

Revenues	2.871.403.785
Cost of sales (-)	(2.450.487.165)
Gross Profit	420.916.620

Operating Profit	244.308.046
Operating Profit Before Financing Cost	284.072.611
On-going operations profit before tax	233.182.925
Period profit from on-going operations	303.618.933

Profit fort he period	303.618.933
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Operating Profitability	8,51%
Period Profitability	10,57%

Financial Ratios

LIQUIDITY RATIOS		31 December 2021
Current Ratio	Current Assets / Short Term Liabilities	1,00
Acid Test Ratio	(Current Assets-Inventories) / Short Term Liabilities	0,57
Inventories / Temporary Investment	Inventories / Current Assets	0,43
Operating Capital	Current Assets (Cash and Treasury Bonds excluded) - Short Term Debts (Loans Excluded)	421.215.700

FINANCIAL STRUCTURE RATIOS		
Financial Leverage	(Short Term + Long Term Liabilities) / Assets	0,56
Fixed Assets / Equity		1,11
Financial Debts / Equity		0,51
Net Financial Position	Cash Assets - Financial Debts	(525.429.957)

PROFITABILITY RATIOS		
Asset Turnover	Net Sales / Total Assets	0,82
Gross Profit Margin	Gross Sales Profit / Net Sales	0,15
Return on Investment	Net Profit / Total Assets	0,09
Operating Profit / Sales Revenue		0,09
Revenue per Share		1,59
Cash Assets		264.962.767
Financial Debts		790.392.724
Net Financial Position		(525.429.957)
Trade Receivables		562.588.532
Other Receivables		178.195.006
Inventories		772.668.477
Trade Payables		(1.015.776.461)
Other Payables		(93.319.198)
Net Working Capital		404.356.356

About Reports prepared according to the Turkish Commercial Code and Turkish Capital Market Regulation

Conclusion Section of our Affiliation Report;

There are a large number of and continued goods sales-purchase transactions between Akçansa, Hacı Ömer Sabancı Holding A.Ş., Heidelbergcement AG and subsidiaries as well as related parties, and conditions of such transactions, pricing methods as well as reasons were explained in accordance with Article 199 of the Turkish Commercial Code numbered 6102 and information about the arm's length principle were provided. According to the controlling company definitions in the related articles of the Turkish Commercial Code Numbered 6102, the transactions are at arm's length and the company did not have any loss as a result of being a part of the group of companies.

According to the Report prepared by Akçansa BOD on February 18, 2022; all transactions made with the controlling shareholders of Akçansa and subsidiaries of these controlling shareholders in 2021 complies with all legal requirements listed in Article 199 of the Turkish Commercial Code numbered 6102 and included in the responsibilities vested in the BOD and the company took necessary measures.

Conclusion Section of the Related Party Transactions Report

According to Article 10 of the Communiqué released by the Turkish Capital Market Board on Corporate Governance and published on the Official Gazette dated January 03, 2014 and numbered 28871: Amount of extensive and continuous purchasing transactions made for electricity provided to Akçansa Çimento by Enerjisa Elektrik Enerjisi Toptan Satış A.Ş. and amount of extensive and continuous purchasing transactions made for coal & calcined petroleum coke provided by HC Trading Companies in an accounting period exceeded 10 % of the cost of sales announced to the public in our 2021 Financial Statements and will most probably exceed 10 % in 2022. Amount of extensive and continuous selling transactions made for cement and clinker sold by Akçansa Çimento to HC Trading Companies in an accounting period exceeded 10 % of the sales listed in 2021 Financial Statements disclosed to the public and will most probably exceed 10 % in 2022. Therefore, the Report clarifies the conditions, pricing methods and reasons of such transactions and provides information about the status of these transactions when compared to the market conditions.

2021 transactions related to electricity sold by Enerjisa Elektrik Enerjisi Toptan Satış A.Ş. and coal & calcined petroleum coke sold by HC Trading Companies to Akçansa Çimento and cement & clinker sold by the company were according to the market conditions and they were arm's length transactions. Also, transactions to be made between Akçansa Çimento and Enerjisa Elektrik Enerjisi Toptan Satış A.Ş. or HC Trading Companies shall be at arm's length and according to the market conditions within the framework planned in the Company budget.

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website..	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	There is no process on the subject.
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.			X			The General Assembly meeting is not held as open to the media for security and time management reasons.
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	Our company does not have a partnership in mutual participation relationship.
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			It is not regulated in the Articles of Association, as well as the provisions of the TCC and CMB provisions are applied.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	Profit distribution was made.
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					

	Company Compliance Status					
	Yes	Partial	No	Exempted	Not Applicable	Explanation
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.		X				Website: www.akcansa.com.tr The issues specified in the Corporate Governance Principles are included. The corporate website is also available in English. This section is also prepared for the benefit of international investors.
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					

	Company Compliance Status					
	Yes	Partial	No	Exempted	Not Applicable	Explanation
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					

	Company Compliance Status					
	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.			X			The company does not have a policy on this issue.
4.3.10-Denetimden sorumlu komitenin üyelerinden en az birinin denetim/muhasebe ve finans konusunda 5 yıllık tecrübesi vardır.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				Members of the Board of Directors may take other duties outside the company. It is not bound by certain rules and not limited.

	Company Compliance Status					
	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			As per the structure of the Board of Directors and due to the obligations required by the CMB Legislation, one member compulsorily participates in more than one committee.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	Consultancy service has not been received in 2021.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				Salaries, premiums and similar benefits and total payments to senior executives are disclosed to the public in the annual report and in the footnotes of the financial statements. Since the remuneration given to the Members of the Board of Directors is determined by the decision of the General Assembly, an explanation is made on an individual basis. Payments to managers who have administrative responsibilities are made in accordance with remuneration policies, taking into account performance criteria. Since this information is personal information, it cannot be disclosed on an individual basis, as it creates conflict with another legislation.

CORPORATE GOVERNANCE INFORMATION FORM

1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	As of the end of the 12th month, 10 teleconferences and 4 analyst meetings were held in 2021.
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	No special auditor requests were made.
The number of special audit requests that were accepted at the General Shareholders' Meeting	No special auditor requests were made.
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/tr/Bildirim/912495
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	No It is not published simultaneously. However, there are English versions of the necessary documents in the English section of our website.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There is no transaction without unanimity.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	There are no Related Party transactions under Article 9.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	https://www.kap.org.tr/tr/Bildirim/944235
The name of the section on the corporate website that demonstrates the donation policy of the company	Investor Center/Corporate Governance/Donation and Aid Policy at our website www.akcansa.com.tr
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/425038
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Articles of Association Article 28 General Assembly Internal Directive: http://www.akcansa.com.tr/investor-center/institutional-management/Akcansa-General-Assembly-Internal-Directive
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Company shareholders and representatives, members of the Board of Directors, auditor of the Company, General Manager and personnel preparing the General Assembly attended the General Assembly.
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	-
The percentage of ownership of the largest shareholder	39,72%
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association	There is no regulation regarding minority rights.
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Investor Center/Corporate Governance/Profit Distribution Policy on our website www.akcansa.com.tr
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	Profit distribution was made.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	Profit distribution was made.

General Assembly Meetings

General Meeting Date	29.03.2021
The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	-
Shareholder participation rate to the General Shareholders' Meeting	81,97%
Percentage of shares directly present at the GSM	0,00%
Percentage of shares represented by proxy	81,97%
Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	http://www.akcansa.com.tr/en/investor-center/general-assembly-meeting/
Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	http://www.akcansa.com.tr/en/investor-center/general-assembly-meeting/
The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	-
The number of declarations by insiders received by the board of directors	-
The link to the related PDP general shareholder meeting notification	https://www.kap.org.tr/tr/Bildirim/921428

2. DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	It is included in the Investor Center-Corporate Identity section of the company's corporate website www.akcansa.com.tr .
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	It is included in the Investor Center-Corporate Identity-Shareholding Structure section of the company's corporate website www.akcansa.com.tr .
List of languages for which the website is available	Turkish/English
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	General Information section of the 2021 Annual Report, the section stating the authorities and responsibilities of the members of the Board of Directors and managers, and the the section stating Number, Structure and Independence of the Committees Established within the Board of Directors
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	"General Information", "Board of Directors" and "The Number, Structure and Independence of the Committees Established at the Board of Directors" sections of the 2021 Annual Report
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Section of the 2021 Annual Report including Operating Principles of the Board of Directors
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	-
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Section of the 2021 Annual Report including lawsuits filed against the company
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Section of the 2021 Annual Report including statement on conflicts of interest between service providers and the company
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	It has no mutual participation.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Section including 2021 Annual Report Staff and worker movements, collective bargaining agreement practices, rights and benefits provided to staff and workers, and Human Resources Policy

3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	-
The number of definitive convictions the company was subject to in relation to breach of employee rights	31
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Akçansa Çimento Sanayi ve Ticaret A.Ş. Internal Audit and Compliance Department
The contact detail of the company alert mechanism.	etik@akcansa.com.tr - etik@sabanci.com / 0216 571 30 00
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies.	-
Corporate bodies where employees are actually represented	Labor Union
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	The management succession planning is reviewed annually and presented to the chairman of the Board of Directors.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	http://www.akcansa.com.tr/en/human-resources/our-targets-and-priorities/
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership programme
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	It is found under the heading at http://www.akcansa.com.tr/sustainability/businessethics-rules . It is unacceptable to discriminate among employees within the organization for language, race, color, gender, political thought, belief, religion, sect, age, physical disability and similar reasons. A positive and harmonious working environment that supports cooperation is created and conflict environments are prevented, so that people with different beliefs, thoughts and opinions work in harmony.
The number of definitive convictions the company is subject to in relation to health and safety measures	5
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	http://www.akcansa.com.tr/en/investor-center/Corporate Governance/Our Code of Business Ethics
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	It is included under the heading of Akçansa and Social Responsibility at http://www.akcansa.com.tr/ .
Any measures combating any kind of corruption including embezzlement and bribery	Anti-bribery and anti-corruption policy under http://www.akcansa.com.tr/ Investor Center/Corporate Governance section

4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	17.02.2022
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	Burak Turgut Orhun - Chairman of the Board of Directors , Hayrullah Hakan Gürdal Vice Chairman of the Board of Directors
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	4
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Risk Management and Internal Control Mechanism in the 2021 Annual Report and the Company's sources of finance and risk management policies
Name of the Chairman	Burak Turgut Orhun
Name of the CEO	M.Zeki Kanadıkırık

If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	-
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	Group insurance has been made regarding the responsibilities of the Members of the Board of Directors, but there has been no PDP announcement.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	Although the Board of Directors' diversity policy is not included on the corporate website, Akçansa's Gender Equality Policy principles under the http://www.akcansa.com.tr/sustainability heading include ensuring 30% or more women's participation in management.
The number and ratio of female directors within the Board of Directors	-

Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link to PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/ He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
Burak Turgut Orhun	No	No	12.05.2021	-	No	-	Yes
Hayrullah Hakan Gürdal	No	No	1.09.2014	-	No	-	Yes
Carsten Sauerland	No	No	6.07.2018	-	No	-	Yes
Ahmed Cevdet Alemdar	No	No	24.01.2020	-	No	-	Yes
Mehmet Sami	No	Yes	29.03.2018	https://www.kap.org.tr/Bildirim/912494	Yes	No	Yes
Markus C. Slevogt	No	Yes	29.03.2018	https://www.kap.org.tr/Bildirim/912494	Yes	No	Yes

4. BOARD OF DIRECTORS-II	
4.4. Meeting Procedures of the Board of Directors	
Number of physical board meetings in the reporting period (meetings in person)	4
Director average attendance rate at board meetings	100%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	14 days
The name of the section on the corporate website that demonstrates information about the board charter	http://www.akcansa.com.tr/investor-center/ Corporate Identity / Article of Association
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	None
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented.	2021 Annual Report - Number, Structure and Independence of the Committees Formed within the Board of Directors
Link(s) to the PDP announcement(s) with the board committee charters	It has not been published on the public disclosure platform and is available on our Corporate Website under http://www.akcansa.com.tr Investor Center- Corporate Governance .

Composition of Board Committees-I

Names Of The Board Committees	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee	Mehmet Sami	Yes	Board member
Audit Committee	Markus C. Slevogt	No	Board member
Corporate Governance Committee	Mehmet Sami	Yes	Board member
Corporate Governance Committee	Markus C. Slevogt	No	Board member
Corporate Governance Committee	Diğer Bulan	No	Not board member
Committee of Early Detection of Risk	Markus C. Slevogt	Yes	Board member
Committee of Early Detection of Risk	Mehmet Sami	No	Board member

4. BOARD OF DIRECTORS-III	
4.5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	2021 Annual Report - Number, Structure and Independence of the Committees Formed within the Board of Directors
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	2021 Annual Report - Number, Structure and Independence of the Committees Formed within the Board of Directors
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	2021 Annual Report - Number, Structure and Independence of the Committees Formed within the Board of Directors
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	2021 Annual Report - Number, Structure and Independence of the Committees Formed within the Board of Directors
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	2021 Annual Report - Number, Structure and Independence of the Committees Formed within the Board of Directors
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Information about the sector in which the business operates and its place in this sector
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	The Company's Remuneration Policy for Board Members and Senior Managers is available under the Investor Center - Corporate Governance heading at www.akcansa.com.tr
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Section on Total of Financial Rights and Fees and Benefits of Senior Management Staff of the 2021 Annual Report

Composition of Board Committees-II

Names Of The Board Committees	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number of Reports on its Activities Submitted to the Board
Audit Committee	100%	100%	4	4
Corporate Governance Committee	100%	67%	4	4
Committee of Early Detection of Risk	100%	100%	6	6

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

#	Category	Principle and Code	Code Explanation	Compliance Status	Explanation	Link
1	General	A1. Strategy, Politics and Targets	The Board of Directors determines ESG material issues, risks and opportunities and creates ESG policies accordingly. In terms of the effective implementation of these policies; In-partnership directives, business procedures etc. Can be prepared. The Board of Directors takes decisions for these policies and makes them public.	Partial Compliance	Long-term and annual interim ESG targets are regularly monitored and ESG risks and opportunities are evaluated by the Board of Directors, which is at the top of the Sustainability Organization. The CB determines the sustainability vision and regularly monitors the developments in the ESG agenda. ESG Policies approved by the Senior Management are disclosed to the public on the website and within the scope of the sustainability report.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/entegre-yonetim-sistemlerimiz/http://www.akcansa.com.tr/downloads/surdurebilirlik/Akcansa_toplumsal_cinsiyet_esitiligi_politikasi_brosur_tasarimi_Convert_Spreads.pdf
2			Company determines the Partnership Strategy appropriate to the ESG policies, risks and opportunities. It determines the short and long term goals in line with the partnership strategy and ESG policies and makes them public.	Full Compliance	Risks and opportunities were evaluated, and in this direction, the 2030 Sustainability Goals were determined and announced.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf
3		A2. Application/Follow Up	Company determines the committees / units responsible for the implementation of ESG policies and makes them public. The responsible committee / unit reports the activities carried out within the scope of the policies to the Board of Directors at least once a year and in any case within the maximum periods determined for the public disclosure of the annual activity reports in the relevant regulations of the Board.	Full Compliance	The Board of Directors is at the top of the Sustainability Organization. The Corporate Governance Committee affiliated to the Board of Directors is responsible for monitoring the sustainability practices and determining the issues to be evaluated by the Board of Directors. Sustainability practices, risks and opportunities, investment plans within and outside the institution are conveyed to this committee by the sustainability committee. The company's long-term and annual interim sustainability targets are also regularly monitored by the Board of Directors, and risks and opportunities arising from climate change are evaluated.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf
4			Company creates and publicly discloses implementation and action plans in line with the short and long term goals determined.	Full Compliance	2030 Sustainability Goals and development status by years are explained. Action plans are prepared for each target, but there is no action plan explanation.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf
5			Company determines ESG Key Performance Indicators (KPI) and explains them on a yearly basis. In the presence of verifiable data, it presents KPIs with local and international sector comparisons.	Full Compliance	The 2030 Sustainability Goals and the development status by years are given. In the light of the available information, sectoral comparisons and comparisons with international standards are included in the sustainability report.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf
6			Explain the innovation activities that improve the sustainability performance for business processes or products and services.	Full Compliance	It is explained in the Sustainability Report.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf
7	Environment	A3. Reporting	Company reports its sustainability performance, goals and actions at least once a year and makes it public. Explains the information on sustainability activities within the scope of the annual report.	Full Compliance	Sustainability performance, targets and actions are disclosed at least once a year within the scope of the Sustainability Report. Voluntary participation in CDP Climate change and water management programs is ensured every year. Within the scope of the United Nations Global Compact, a regular progress report is made every year and disclosed to the public.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Climate_Change_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Water_Security_Report.pdf https://www.unglobalcompact.org/what-is-gc/participants/37511-Akcansa-Cimento-Sanayi-vs-Ticaret-A-S-
			It is essential to share information, which is important for stakeholders in understanding the position, performance and development of the partnership, in a direct and concise manner. It can also explain detailed information and data on the corporate website, and prepare separate reports that directly meet the needs of different stakeholders.	Full Compliance	Reports are shared through the website and sustainability reporting within the scope of important information and material issues determined by analyzes of importance for stakeholders.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/docs/2021Q3.pdf
8			Company takes maximum care in terms of transparency and reliability. It objectively explains all kinds of developments about material issues in disclosures and reporting within the scope of the balanced approach.	Full Compliance	Material issues and other developments are shared objectively in the reports.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/docs/2021Q3.pdf
9			Company gives information about which of the United Nations (UN) 2030 Sustainable Development Goals its activities are related to.	Full Compliance	Company reports the relationship of its activities with the (UN) 2030 Sustainable Development Goals in its sustainability report, within the scope of the 2030 Sustainability Goals and through the UNGC Communication on Progress.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf https://www.unglobalcompact.org/what-is-gc/participants/37511-Akcansa-Cimento-Sanayi-vs-Ticaret-A-S-
10			Company makes an explanation regarding the lawsuits filed and / or concluded against environmental, social and corporate governance issues.	Partial Compliance	In case of lawsuits that may seriously affect the operations of the company, the details of the lawsuits can be included in the annual report within the framework of the principles of public disclosure.	-
11			If verified by independent third parties (independent sustainability assurance providers), company discloses its sustainability performance measurements to the public and endeavors to increase such verification processes.	Partial Compliance	Sustainability performance indicators are verified within the scope of limited assurance audit and shared publicly. It aims to increase the scope of verification in the future periods.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/Sustainability_Limited_Assurance_Report_2020.pdf
12		A4. Validation	Company explains policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs in the field of environmental management.	Full Compliance	Environmental management policies, practices, management systems and programs are explained with communication mechanisms such as sustainability report, CDP reporting and website.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Climate_Change_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Water_Security_Report.pdf
13		B. Environmental Principles	Company complies with environmental laws and other relevant regulations and explains them.	Full Compliance	It complies with all environmental laws and related regulations and explains the relevant issues in the sustainability report.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf
14			Company explains the limitations of the environmental report to be included in the report to be prepared within the scope of the Sustainability Principles, reporting period, reporting date, data collection process and reporting conditions.	Full Compliance	The reporting boundaries, reporting period, reporting date, information on the data collection process and constraints on reporting conditions are explained in the sustainability report.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf
15			Company describes the highest level responsible, relevant committees and tasks in the partnership on the issue of environment and climate change.	Full Compliance	The highest level responsible and relevant committees regarding the environment and climate change and their duties are explained in the sustainability report and CDP reporting.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Climate_Change_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Water_Security_Report.pdf

#	Category	Principle and Code	Code Explanation	Compliance Status	Explanation	Link
16			Company describes the incentives it offers for the management of environmental issues, including the achievement of objectives.	Full Compliance		http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf
17			Company explains how environmental problems are integrated into business goals and strategies.	Full Compliance	It explains how environmental issues are integrated into objectives and strategies within the scope of ESG management.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Climate_Change_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Water_Security_Report.pdf
18			Company explains the sustainability performance of business processes or products and services and the activities to improve this performance.	Full Compliance	It is explained in the Sustainability Report.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf
19			Company explains how it manages environmental issues along the partnership value chain and integrates suppliers and customers into its strategies, not just in terms of direct operations	Full Compliance	It is explained in the Sustainability Report.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf
20			Whether company is involved in policy-making processes on environmental issues (sectoral, regional, national and international); It explains the cooperation it has made with the associations, related organizations and non-governmental organizations it is a member of on the subject of environment, and the duties it has taken, if any, and the activities it supports.	Full Compliance	It is explained in the Sustainability Report.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf
21			Environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)), air quality, energy management, water and wastewater management, waste management, biodiversity impacts) reports information on its effects in a periodically comparable manner.	Full Compliance	It explains it through its sustainability report and CDP Climate Change and Water Security reports.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Climate_Change_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Water_Security_Report.pdf
22			Company describes the standard, protocol, methodology and base year details used to collect and calculate its data.	Full Compliance	It is explained in the sustainability report and CDP reports.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Climate_Change_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Water_Security_Report.pdf
23			Company describes the status of environmental indicators for the reporting year (increase or decrease) in comparison with previous years.	Full Compliance	It is explained in the sustainability report and CDP reports.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Climate_Change_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Water_Security_Report.pdf
24			Company sets short and long-term goals to reduce their environmental impact and explains these goals. It is recommended that these goals be determined based on Science as suggested by the United Nations Conference of the Parties on Climate Change. If there is progress in the reporting year according to the targets set before, it provides information on the subject.	Partial Compliance	Short and long-term targets for reducing environmental impacts have been determined, scientific methodologies have been used to support the target setting process. However, the targets have not yet been announced as Based on Science. Science-based goals are planned to be announced.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Climate_Change_Report.pdf
25			Company explains the strategy and actions to combat the climate crisis.	Full Compliance	It is explained in the sustainability report and CDP reports.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Climate_Change_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Water_Security_Report.pdf
26			Company describes the program or procedures to prevent or minimize the potential negative impact of the products and / or services it offers; explains the actions of third parties to reduce greenhouse gas emissions.	Full Compliance	It is explained in the sustainability report and CDP reports.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Climate_Change_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Water_Security_Report.pdf
27			Company explains the actions taken to reduce its environmental impacts, the total number of projects and initiatives carried out, and the environmental benefits / benefits and cost savings they provide.	Full Compliance	It is explained in the sustainability report and CDP reports.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Climate_Change_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Water_Security_Report.pdf
28			Company reports the total energy consumption data (excluding raw materials) and explains the energy consumption as Scope-1 and Scope-2.	Full Compliance	It is explained in the sustainability report and CDP reports.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Climate_Change_Report.pdf
29			Company provides information on electricity, heat, steam and cooling generated and consumed in the reporting year.	Full Compliance	It is explained in the sustainability report and CDP reports.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Climate_Change_Report.pdf
30			Company conducts studies on increasing the use of renewable energy, transition to zero or low carbon electricity and explains these studies.	Full Compliance	It explains through the sustainability report and CDP reports. Within the scope of sustainability goals, there is the goal of increasing the use of renewable energy.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Climate_Change_Report.pdf
31			Explain the renewable energy production and usage data.	Full Compliance	We produce some of our own electricity with the Waste Heat Energy Production Facility and the Wind Turbine in our Çanakkale Factory. Related information is also included in the Sustainability Report.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Climate_Change_Report.pdf

#	Category	Principle and Code	Code Explanation	Compliance Status	Explanation	Link
32			Company makes energy efficiency projects and explains the amount of energy consumption and emission reduction thanks to these studies.	Full Compliance	It is explained in the sustainability report and CDP reports.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Climate_Change_Report.pdf
33			Company reports the amount of water withdrawn, used, recycled and discharged from underground or above ground, its sources and procedures (Total water withdrawal by source, water resources affected by water withdrawal; percentage and total volume of recycled and reused water, etc.).	Full Compliance	It is explained in the sustainability report and CDP reports.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Climate_Change_Report.pdf
34			Company explains whether operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).	Irrelevant	Turkey, where all our operations are located in, does not yet have carbon pricing mechanisms in place.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Climate_Change_Report.pdf
35			Company describes the carbon credit information accumulated or purchased during the reporting period.	Irrelevant	No accumulated or purchased carbon credits.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Climate_Change_Report.pdf
36			Company explains the details if carbon pricing is applied within the partnership.	Full Compliance	It is explained in the sustainability report and CDP Climate Change program report.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Climate_Change_Report.pdf
37			Company explains all mandatory and voluntary platforms where it discloses environmental information.	Full Compliance	It is explained in the sustainability report, CDP Climate Change and Water Security program reports.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Climate_Change_Report.pdf http://www.akcansa.com.tr/downloads/surdurebilirlik/2021_CDP_Water_Security_Report.pdf
38			The Universal Declaration of Human Rights, which Turkey has confirmed that the ILO Conventions and human rights in Turkey and company is committed to full compliance with the legal framework and regulations governing the operation of corporate life forms on Human Rights and Employee Rights Policy. Company discloses the policy in question and the roles and responsibilities associated with its implementation.	Partial Compliance	Studies and actions in line with our legal obligations are not reported. The company complies with all applicable laws and regulations regarding employment and working life. It is disclosed to the public within the scope of business ethics rules.	http://www.akcansa.com.tr/en/sustainability/our-code-of-business-ethics/
39			Company provides equal opportunity in recruitment processes. Considering the supply and value chain effects, it includes fair workforce, improvement of labor standards, women's employment and inclusion issues (such as women, men, religious belief, language, race, ethnic origin, age, disability, refugee, etc.) in its policies.	Full Compliance	It is disclosed to the public through sustainability report, annual report, business ethics rules, gender equality policy and supplier business ethics.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/en/sustainability/our-code-of-business-ethics/ http://www.akcansa.com.tr/en/sustainability/supplier-codes-of-business-conduct http://www.akcansa.com.tr/downloads/surdurebilirlik/Akcansa_toplumsal_cinsiyet_esitligi_politikasi_brosur_tasarimi_Convert_Spr_eads.pdf
40			Company describes the measures taken along the value chain for the protection of groups sensitive to certain economic, environmental, social factors (low income groups, women etc.) or minority rights / equality of opportunity.	Partial Compliance	These studies are carried out for a specific group within the scope and actions are reported.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf
41			Company reports developments regarding discrimination, inequality, human rights violations, forced labor, and corrective practices. Explain the regulations for not employing child labor.	Partial Compliance	It is disclosed through the sustainability report under inequality, discrimination, compliance with human rights topics.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf
42			Company explains policies regarding investment in employees (training, development policies), compensation, vested benefits, right to unionize, work / life balance solutions and talent management. Determines dispute resolution processes by creating mechanisms for employee complaints and dispute resolution. It regularly explains the activities carried out to ensure employee satisfaction.	Full Compliance	It is disclosed to the public through sustainability report, annual report, business ethics rules, and gender equality policy.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/en/sustainability/our-codes-of-conduct/ http://www.akcansa.com.tr/en/sustainability/supplier-codes-of-business-conduct http://www.akcansa.com.tr/downloads/surdurebilirlik/Akcansa_toplumsal_cinsiyet_esitligi_politikasi_brosur_tasarimi_Convert_Spr_eads.pdf
43			Company creates occupational health and safety policies and makes them public. Company explains the precautions and accident statistics taken to prevent work accidents and health.	Full Compliance	It is disclosed to the public through sustainability report and web site	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/en/our-integrated-management-systems/
44			Company creates and publicly discloses personal data protection and data security policies.	Full Compliance	It is disclosed to the public through web site.	http://www.akcansa.com.tr/kullanim-sartlari/kykk http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf
45			Company creates an ethical policy (including work, work ethics, compliance processes, advertising and marketing ethics, open information, etc.) and discloses it to the public.	Full Compliance	Ethical policy and ethical practices are disclosed through business ethics rules given in the web page and sustainability report to the public.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/en/sustainability/our-code-of-business-ethics/
46			Company explains the work within the scope of social investment, social responsibility, financial inclusion and access to finance.	Full Compliance	Within the scope of the sustainability report, the studies carried out together with the social impact dimensions are explained.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf
47			Company organizes information meetings and training programs for employees on ESG policies and practices.	Full Compliance	Training and meetings are held regularly in accordance with the 14001 ESG and legislation.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf
48			Company carries out its activities in the field of sustainability by taking into account the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society and non-governmental organizations, etc.).	Full Compliance	In the sustainability report, studies within the scope of stakeholder engagement, prioritization and stakeholder dialogue are explained.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf
49			Company regulates and publicly discloses a customer satisfaction policy regarding the management and resolution of customer complaints.	Full Compliance	Customer complaint and satisfaction policy is shared on the company's website within the scope of the integrated management system. There is also a dealer customer support line application.	http://www.akcansa.com.tr/wp-content/uploads/2015/05/politika-2019.pdf
50			Company conducts stakeholder communication continuously and transparently; It explains which stakeholders, for what purpose, on what issue and how often it communicated, and the developments in sustainability activities.	Full Compliance	In the sustainability report, studies within the scope of stakeholder engagement, prioritization and stakeholder dialogue are explained.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf

#	Category	Principle and Code	Code Explanation	Compliance Status	Explanation	Link
51	C2. Stakeholders, International Standards, and Initiatives		Company publicly discloses the international reporting standards it has adopted (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Climate-Related Financial Disclosures Task Force (TCFD), etc.)	Full Compliance	Sustainability reports are prepared in accordance with the GRI standards, and approaches such as SASB and TCFD are also considered. Voluntary participation in CDP climate change and water security programs is provided.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf
52			Company declares public signatory or memberships of international organizations or principles (Equator Principles, United Nations Environment Program Finance Initiative (UNEP-FI), United Nations Global Principles (UNGC), United Nations Principles for Responsible Investment (UNPRI) etc.), international principles adopted (International Capital Market Association (ICMA) Green / Sustainable Bond Principles).	Full Compliance	As a signatory to the UN Global Compact, progress is reported every year. It is also a UN WEPs signatory. International membership and signatories are shared through the sustainability report.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf
53			Company makes concrete efforts to be included in Borsa Istanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices, etc.).	Full Compliance	Akcansa Cement is expected to be included in the list of companies subject to valuation for the 2021 BIST Sustainability Index.	-
54			Company makes maximum effort to comply with all Corporate Governance principles as well as the mandatory Corporate Governance principles within the scope of the Capital Markets Board Corporate Governance Communiqué numbered II-17.1.	Full Compliance		https://www.kap.org.tr/tr/sirket-bilgileri/ozet/838-akcansa-cimento-sanayi-ve-ticaret-a-s
55	Corporate Governance	D. Corporate Governance Principles	Company takes into consideration the sustainability issue, the environmental impacts of its activities and the principles in this regard while determining its corporate governance strategy.	Full Compliance	Sustainability governance is integrated with corporate governance processes. While determining the corporate governance strategy, sustainability, environmental and social impacts are taken into account.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf
56			As stated in the Corporate Governance Principles, company takes the necessary measures to comply with the principles regarding the stakeholders and to strengthen the communication with the stakeholders. It applies to the opinions of stakeholders in determining the measures and strategies in the field of sustainability.	Full Compliance	Sustainability ownership is at the Board of Directors, the highest governing body, and an effective sustainability communication is established between all stakeholders. Communication and decision-making mechanisms are explained in the sustainability report.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf
57			Company works on raising awareness on the issue of sustainability and its importance through social responsibility projects, awareness activities and trainings.	Full Compliance	Social responsibility projects are implemented, awareness-raising trainings and sustainability-oriented communication activities are carried out regularly. The studies carried out are explained in the sustainability report.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf
58			Company strives to become a member of international standards and initiatives on sustainability and to contribute to studies.	Full Compliance	It is disclosed to the public through sustainability report.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf
59			Company explains policies and programs for the fight against bribery and corruption and the principle of tax integrity.	Full Compliance	It is disclosed to the public through web site.	http://www.akcansa.com.tr/en/sustainability/our-code-of-business-ethics/ http://www.akcansa.com.tr/docs/akcansa-anti-bribery-and-anti-corruption-policy.pdf
60			The Board of Directors determines ESG material issues, risks and opportunities and creates ESG policies accordingly. In terms of the effective implementation of these policies; In-partnership directives, business procedures etc. Can be prepared. The Board of Directors takes decisions for these policies and makes them public.	Partial Compliance	Long-term and annual interim ESG targets are regularly monitored and ESG risks and opportunities are evaluated by the Board of Directors, which is at the top of the Sustainability Organization. The CB determines the sustainability vision and regularly monitors the developments in the ESG agenda. ESG Policies approved by the Senior Management are disclosed to the public on the website and within the scope of the sustainability report.	http://www.akcansa.com.tr/downloads/surdurebilirlik/2020_Sustainability_Report.pdf http://www.akcansa.com.tr/entegre-yonetim-sistemlerimiz/ http://www.akcansa.com.tr/downloads/surdurebilirlik/Akcansa_toplumsal_cinsiyet_esitligi_politikasi_brosur_tasarimi_Convert_Spr_eads.pdf

AKÇANSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ

1 JANUARY - 31 DECEMBER
2021 FINANCIAL
STATEMENTS TOGETHER
WITH INDEPENDENT
AUDITORS' REPORT



CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Akçansa Çimento Sanayi ve Ticaret A.Ş.

A. Audit of the financial statements

1. Our opinion

We have audited the accompanying financial statements of Akçansa Çimento Sanayi ve Ticaret A.Ş. (the “Company”) which comprise the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements comprising a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (“TFRS”).

2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the “SIA”) that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the “POA”). Our responsibilities under these standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (the “Ethical Rules”) and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key audit matters

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

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Key Audit Matters	How the key audit matter was addressed in the audit
Goodwill impairment	
<p>The carrying value of goodwill which are accounted for under indefinite-life intangible assets amounted to TL 130 million, in the financial statements as of 31 December 2021. In accordance with TFRS, these indefinite-life intangible assets should be tested for impairment annually.</p> <p>Goodwill are material to the financial statements. In addition, significant judgements and estimates are used in the impairment tests performed by management. These are, for goodwill impairment tests; earnings before interest, tax, depreciation and amortization (“EBITDA”) growth forecasts, long term growth rates and discount rates. The outcome of such estimates is very sensitive to changes in market conditions. Therefore, these impairment tests are key matters for our audit.</p> <p>Please refer to notes 2.3 and 12 to the financial statements for the relevant disclosures, including the accounting policy and sensitivity analysis.</p>	<p>We performed the following procedures in relation to the impairment tests of goodwill:</p> <ul style="list-style-type: none">Evaluating the appropriateness of the Cash Generating Units (“CGUs”) determined by management,Comparing forecasted cash flows for each CGU with its historical financial performance,Through involvement of our internal valuation specialists, assessing the reasonableness of key assumptions, including long term growth rates, discount rates benchmarking these against rates used in the industries,Testing of the setup of the discounted cash flow models and their mathematical accuracy,Assessing management’s sensitivity analysis for key assumptions,Testing of the disclosures in the financial statements in relation to indefinite-life intangible assets and evaluating the adequacy of these disclosures for TFRS’ requirements. <p>We had no material findings related to the impairment tests of indefinite-life intangible assets as a result of these procedures.</p>

Key Audit Matters	How the key audit matter was addressed in the audit
<p>Fair value of financial assets</p> <p>In the financial statements for financial assets held by the Company as of 31 December 2021 accounted with their fair values amounting to TL 430,656,525. Value increases regarding the fair value of financial assets are recognized in comprehensive income.</p> <p>The fair value of financial assets has been calculated by an expert.</p> <p>Significant judgements and estimates are used in the fair value calculation performed by an expert. These are; earnings before interest, tax, depreciation and amortization (“EBITDA”) growth forecasts, long term growth rates and discount rates. The outcome of such estimates is very sensitive to changes in market conditions. Therefore, these fair value of financial assets are key matters for our audit.</p> <p>The reason why we focused on this issue;</p> <ul style="list-style-type: none"> The determination of fair value consists data which are not easily observable in the market and are determined by an expert, The calculation of fair value is affected by market conditions, Significance of financial assets amounts in the financial statements. <p>Please refer to notes 2.3 and 5 to the financial statements for the relevant disclosures.</p>	<p>We performed the following procedures in relation to the fair value calculation of financial assets:</p> <ul style="list-style-type: none"> The methods and technical data used in the fair value report prepared by the expert team have been examined. Tested the mathematical accuracy of the calculations used in the fair value report. Comparing forecasted cash flows for each CGU with its historical financial performance, Through involvement of our internal valuation specialists, assessing the reasonableness of key assumptions, including long term growth rates, discount rates and royalty rates and benchmarking these against rates used in the industries, Among the audit procedures we have performed, we have assessed whether the assumptions used by valuation experts in their valuation are within an acceptable range, such as the real discount rate. For this evaluation, fair value calculation experts of another company included in our audit process. <p>We had no material findings related to the impairment tests of indefinite-life intangible assets as a result of these procedures.</p>

4. Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company’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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

5. Auditor’s responsibilities for the audit of the financial statements

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

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor’s report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements 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 financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the 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.



- Assess the 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 Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’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 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 independent auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code (“TCC”) No. 6102 and that causes us to believe that the Company’s bookkeeping activities concerning the period from 1 January to 31 December 2021 period are not in compliance with the TCC and provisions of the Company’s articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor’s report on the early risk identification system and committee was submitted to the Company’s Board of Directors on 18 February 2022.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

ORIGINALLY ISSUED IN TURKISH

Baki Erdal, SMMM
Partner

Istanbul, 18 February 2022

AKÇANSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

AKÇANSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

		Current Period	Prior Period
Assets	Notes	(Audited)	(Audited)
		31 Aralık 2021	31 Aralık 2020
Current assets			
Cash and cash equivalents	4	264.962.767	318.373.248
Trade receivables:	7	562.588.532	442.284.699
- Trade receivables from related parties	26,7	33.435.322	21.213.805
- Trade receivables from third parties	7	529.153.210	421.070.894
Other receivables	8	149.109.452	52.430.276
-Other receivables from related parties	26,8	873.594	387.254
-Other receivables from third parties	8	148.235.858	52.043.022
Inventories	9	772.668.477	180.076.748
Prepaid expenses	16	29.085.554	43.627.315
Current income tax assets	24	4.377.048	-
Derivative instruments	13	12.482.296	-
Total Current Assets		1.795.274.126	1.036.792.286
Non-current assets			
Financial investments	5	430.656.525	265.745.133
Other receivables	8	5.206.131	4.554.520
- Other receivables from third parties	8	5.206.131	4.554.520
Property, plant and equipment	10	903.600.636	852.847.828
Intangible assets	11,12	175.304.874	174.448.815
- Goodwill	12	130.080.869	130.080.869
- Other intangible assets	11	45.224.005	44.367.946
Right of use assets	14	102.548.053	90.879.125
Prepaid expenses	16	17.961.275	5.334.849
Deferred tax assets	24	72.645.335	1.253.555
Total non-current assets		1.707.922.829	1.395.063.825
Total assets		3.503.196.955	2.431.856.111

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

		Current period	Prior period
Liabilities	Notes	(Audited)	(Audited)
		31 December 2021	31 December 2020
Current liabilities			
Short-term borrowings	6	700.300.246	323.257.636
-Liabilities from financial loans	6	687.226.073	313.562.490
-Financial lease debts	6	13.074.173	9.695.146
Short-term portion of long-term financial liabilities	6	-	2.746.093
Trade payables	7	1.015.776.461	443.905.096
-Trade payables to related parties	26, 7	277.003.980	94.204.963
-Trade payables to third parties	7	738.772.481	349.700.133
Liabilities for employee benefits	8	10.107.328	7.534.528
Other payables	8	37.231.169	17.057.883
-Other payables to third parties	8	37.231.169	17.057.883
Deferred income	8	9.546.969	14.946.592
Current income tax liabilities	24	-	10.026.771
Short-term provisions	13	23.359.559	18.252.238
-Provisions for short-term employee benefits	13	13.508.575	10.610.379
-Other short-term provisions	13	9.850.984	7.641.859
Total current liabilities		1.796.321.732	837.726.837
Non-current liabilities			
Long-term borrowings	6	90.092.478	281.479.612
- Liabilities from financial loans	6	-	200.000.000
- Financial lease debts	6	90.092.478	81.479.612
Long-term provisions	13, 15	74.192.744	63.478.397
- Provisions for long-term employee benefits	15	70.093.039	58.938.345
- Other long-term provisions	13	4.099.705	4.540.052
Deferred tax liability	24	-	42.119.008
Total non-current liabilities		164.285.222	387.077.017
Total liabilities		1.960.606.954	1.224.803.854
Equity			
Equity attributable to parent		1.542.590.001	1.195.352.970
Paid-in share capital	17	191.447.068	191.447.068
Adjustments to share capital		233.177.582	233.177.582
Other comprehensive income/expense not to be reclassified to profit or loss		(32.121.176)	(25.960.864)
Remeasurement gains/(losses)		(32.121.176)	(25.960.864)
Other comprehensive income/expense to be reclassified to profit or loss		370.077.025	213.411.203
Remeasurement/Reclassification gains/(losses)		370.077.025	213.411.203
- Gain/(losses) on financial assets measured at fair value through other comprehensive income		370.077.025	213.411.203
Restricted reserves		305.226.993	297.643.058
Prior years' income		171.163.576	170.591.530
Profit for the period		303.618.933	115.043.393
Non-controlling interests		-	11.699.287
Total equity		1.542.590.001	1.207.052.257
Total liabilities and equity		3.503.196.955	2.431.856.111

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

AKÇANSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2021
Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

		Current period	Prior period
		(Audited)	(Audited)
Notes		1 January - 31 December 2021	1 January - 31 December 2020
Revenue	18	2.871.403.785	1.967.108.077
Cost of sales (-)	18	(2.450.487.165)	(1.635.163.166)
Gross profit from business activities		420.916.620	331.944.911
Gross profit		420.916.620	331.944.911
General administrative expenses (-)	19,20	(107.622.084)	(92.552.123)
Marketing expenses (-)	19,20	(16.792.841)	(17.340.831)
Other operating income	21	128.997.184	27.426.999
Other operating expenses (-)	21	(181.190.833)	(65.817.563)
Operating profit		244.308.046	183.661.393
Gains from investment activities (net)	22	39.764.565	3.131.825
Operating profit before financial income/(expense)		284.072.611	186.793.218
Financial income	23	129.210.760	57.097.118
Financial expense (-)	23	(180.100.446)	(98.037.895)
Profit before tax		233.182.925	145.852.441
Tax income/(expense)		70.436.008	(31.014.245)
- Current income tax expense	24	(50.928.389)	(35.097.363)
- Deferred tax income/(expense)	24	121.364.397	4.083.118
Profit for the period from continuing operations		303.618.933	114.838.196
Profit for the period		303.618.933	114.838.196
Attributable to:			
Non-controlling interests		-	(205.197)
Equity holders of the parent		303.618.933	115.043.393
Earnings per share (Kr)	25	1,586	0,601
Earnings per share from continuing operations (Kr)		1,586	0,600
Weighted average number of shares		19.144.706.825	19.144.706.825

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

AKÇANSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

		Current period	Prior period
		(Audited)	(Audited)
Dipnot		1 January - 31 December 2021	1 January - 31 December 2020
Profit for the period		303.618.933	114.838.196
Other comprehensive income/(expense):			
Items not to be reclassified to profit or loss (non-reclassified)		(6.160.312)	(2.737.189)
- Actuarial gains/(losses) arising from defined benefit plans		(7.700.390)	(3.421.486)
- Deferred tax income	24	1.540.078	684.297
Items to be reclassified to profit or loss (classified)		156.665.822	100.489.559
- Gain/(losses) on financial assets measured at fair value	5	164.911.392	105.778.483
- Deferred tax income	24	(8.245.570)	(5.288.924)
Other comprehensive income		150.505.510	97.752.370
Total comprehensive income		454.124.443	212.590.566
Attributable to:			
Non-controlling interests		-	(205.197)
Equity holders of the parent		454.124.443	212.795.763

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

AKÇANSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ

STATEMENT OF CHANGES IN EQUITY AS OF 31 DECEMBER 2021
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Non-reclassified			Reclassified Gains/(losses) on financial assets measured at fair value through other comprehensive income	Retained Earnings				Non-controlling interests (Note 17)	Total shareholders' equity
	Paid-in share capital	Adjustment to share capital	Gains/(losses) on remeasurement of defined benefit plans		Restricted reserves	Prior years' income	Profit for the period	Equity holders of the parent		
Balance at January 1, 2020	191,447,068	233,177,582	(23,223,675)	112,921,644	268,702,218	170,642,103	75,220,457	1,028,887,397	12,186,591	1,041,073,988
Transfers	-	-	-	-	28,940,840	46,279,617	(75,220,457)	-	-	-
Total comprehensive income/ (expense)	-	-	(2,737,189)	100,489,559	-	-	115,043,393	212,795,763	(205,197)	212,590,566
Profit for the period	-	-	-	-	-	-	115,043,393	115,043,393	(205,197)	114,838,196
Other comprehensive income/ (expense)	-	-	(2,737,189)	100,489,559	-	-	-	97,752,370	-	97,752,370
Dividends paid (Note 25)	-	-	-	-	-	(46,330,190)	-	(46,330,190)	(282,107)	(46,612,297)
Balanced at December 31, 2020	191,447,068	233,177,582	(25,960,864)	213,411,203	297,643,058	170,591,530	115,043,393	1,195,352,970	11,699,287	1,207,052,257
Balance at January 1, 2021	191,447,068	233,177,582	(25,960,864)	213,411,203	297,643,058	170,591,530	115,043,393	1,195,352,970	11,699,287	1,207,052,257
Transferler	-	-	-	-	10,072,965	104,970,428	(115,043,393)	-	-	-
Total comprehensive income/ (expense)	-	-	(6,160,312)	156,665,822	-	-	303,618,933	454,124,443	-	454,124,443
Profit for the period	-	-	-	-	-	-	303,618,933	303,618,933	-	303,618,933
Other comprehensive income/ (expense)	-	-	(6,160,312)	156,665,822	-	-	-	150,505,510	-	150,505,510
Dividends paid (Note 25)	-	-	-	-	-	(104,970,428)	-	(104,970,428)	-	(104,970,428)
Increase/decrease due to share ratio changes in subsidiaries not resulting in loss of control	-	-	-	-	(2,489,030)	572,046	-	(1,916,984)	(11,699,287)	(13,616,271)
Balanced at December 31, 2021	191,447,068	233,177,582	(32,121,176)	370,077,025	305,226,993	171,163,576	303,618,933	1,542,590,001	-	1,542,590,001

AKÇANSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

Takip eden notlar, Finansal tabloların ayrılmaz parçasını oluşturmaktadır.

	Notes	Current period	Prior period
		(Audited)	(Audited)
		1 January- 31 December 2021	1 January- 31 December 2020
Cash flows from operating activities		77.542.133	277.015.204
Profit before tax		233.182.925	145.852.441
Profit before tax from continuing operations		233.182.925	145.852.441
Adjustment to reconcile profit before tax to cash generated from operating activities:		158.926.344	184.132.342
Depreciation and amortization	10, 11, 20,14	108.831.401	101.026.158
Adjustments for impairment loss/(reversal of impairment loss)		1.580.429	3.347.426
Impairment/(reversal of impairment) on receivables	7	(678.123)	809.628
Impairment/(reversal of impairment) on inventories	9	2.258.552	2.537.798
Adjustments for provisions		18.434.360	17.607.996
Provision for employee termination benefits	13,15	13.556.476	12.561.041
Provision for litigation and/or penalties	13	3.638.244	4.404.531
Provision for recultivation	13	1.107.868	680.880
Other provisions	13	131.772	(38.456)
Adjustments for interest income and expenses		82.327.015	59.460.935
Interest income	23	(13.002.522)	(14.915.826)
Interest expense	6	73.949.717	54.261.210
Other financials (income)/expense		21.379.820	20.115.551
Loss/(gain) on sale of property, plant and equipment and intangible assets	22	(2.685.610)	4.060.204
Adjustments for other items arising from investing or financing activities	22	(3.520.000)	(1.370.377)
Adjustments based on gains from the disposal of subsidiaries	22	(33.558.955)	-
Adjustments based on fair value losses (gains) of derivative financial instruments	13,23	(12.482.296)	-
Changes in working capital		(248.049.784)	(13.560.555)
Adjustment related to (increase)/decrease in trade receivables		(121.554.919)	(75.864.971)
Adjustment related to (increase)/decrease in other receivables		(96.679.176)	(732.708)
Adjustment related to (increase)/decrease in inventories		(594.850.281)	(1.388.918)
Adjustment related to (increase)/decrease in prepaid expenses		(10.566.961)	(38.477.510)
Adjustment related to (increase)/decrease in trade payables		571.871.365	88.149.151
Adjustment related to (increase)/decrease in employee benefit obligations		2.572.800	(1.178.339)
Adjustment related to (increase)/decrease in other payables		7.208.622	4.247.240
Adjustment related to (increase)/decrease in deferred revenue		(5.399.623)	12.410.567
Other adjustments related to increase (decrease) in operating capital		(651.611)	(725.067)
Adjustment related to(increase)/decrease in other current assets		(651.611)	(725.067)

Cash flows from operating activities		144.059.485	316.424.228
Employee termination benefits paid	13, 15	(14.518.126)	(10.316.052)
Payments for other provisions	13	(1.560.891)	(1.257.528)
Taxes paid	24	(52.367.544)	(29.682.116)
Other cash inflows/(outflows)	7	1.929.209	1.846.672
Cash flows from investing activities		(96.002.002)	(118.961.895)
Sale of property, plant and equipment and intangible assets		4.785.647	2.223.300
Purchase of property, plant and equipment and intangible assets	10	(150.819.649)	(122.555.572)
Cash inflows due to share sale or capital decrease of affiliates and/or joint ventures		46.512.000	-
Dividends received		3.520.000	1.370.377
Cash flows from financing activities		(34.950.612)	8.278.126
Cash inflows from borrowings	6	767.784.324	500.000.000
Cash outflows from repayment of borrowings	6	(604.021.925)	(384.520.172)
Financial lease payments	6	(33.987.898)	(23.191.456)
Dividends paid	25	(104.970.428)	(46.612.297)
Interest paid	6	(66.794.626)	(50.257.974)
Interest received	23	13.002.522	14.915.826
Other cash outflows		(5.962.581)	(2.055.801)
Net increase/(decrease) in cash and cash equivalents before the effect of foreign currency translation differences		(53.410.481)	166.331.435
Net increase in cash and cash equivalents		(53.410.481)	166.331.435
Cash and cash equivalents at the beginning of the period	4	318.373.248	152.041.813
Cash and cash equivalents at the end of the period	4	264.962.767	318.373.248

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

1. Corporate information

General

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi (“Akçansa” or “Company”) was founded on September 30, 1996 through the merger of Akçimento Ticaret Anonim Şirketi (Akçimento) which was established in 1967, and Çanakkale Çimento Sanayi Anonim Şirketi (Çanakkale) which was established in 1974. At January 12, 1996, Mortelmaattschappij Eindhoven B.V. (Mortel), which is a wholly owned subsidiary of Cimenteries CBR S.A. (CBR), acquired %97.7 of Çanakkale. On July 24, 1996, the CBR group exchanged its shares in Çanakkale for %30 of the shares of Akçimento which was mainly owned by Hacı Ömer Sabancı Holding Anonim Şirketi and its affiliates.

Effective from October 1, 1996, Akçimento ceased its existence and merged with Çanakkale. The name of the new company was determined as Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi. Akçansa shares have been traded on the Borsa İstanbul A.Ş. (formerly İstanbul Stock Exchange) since 1986. On November 27, 2006, %39.72 shares of Akçansa Çimento Sanayi ve Ticaret A.Ş. owned by CBR International Holdings B.V. which is %100 owned subsidiary of Heidelberg Cement A.G. has been transferred to Heidelberg Cement Mediterranean Basin Holdings S.L. which is also %100 owned subsidiary of Heidelberg Cement A.G. On March 1, 2017, %39.72 shares of Akçansa Çimento Sanayi ve Ticaret A.Ş. owned by Heidelberg Cement Mediterranean Basin Holdings S.L has been transferred Heidelberg Cement A.G. .

The address of the headquarter and registered office is Palladium Tower Barbaros mah. Kardelen sk. , No: 2, Ataşehir, İstanbul.

The financial statements are authorized for issue by the management on February 18, 2022. The General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after the issue. The major shareholders of the Company are Hacı Ömer Sabancı Holding A.Ş. and HeidelbergCement A.G., as disclosed further in Note 17.

For the purpose of the presenting financial statements, Akçansa Çimento Sanayi ve Ticaret A.Ş. will be referred to as “the Company”. As of December 31, 2021 and December 31, 2020, the number of personnel (all employed in Turkey) is 987 and 980, respectively.

It has been decided to sell all of its %51 shares in the capital of Karçimsa Çimento Sanayi ve Ticaret A.Ş., the only subsidiary of the Company, which is reported with the full consolidation method in the financial statements, to third parties, and the sale and share transfer process were completed on the date of 22nd of October, 2021. Therefore, the year-end financial statements have been prepared individually.

Nature of activities

The Company is primarily engaged in manufacturing of cement, clinker, ready mixed concrete and aggregate.

Approval of financial statements

The financial statements as of 31 December 2021 has been approved for issue by the Board of Directors on 18 February 2022. These financial statements will be finalised following their approval in the General Assembly. The authority to change the financial statements rests with the General Assembly.

2. Basis for presentation of financial statements

2.1 Basis for presentation

Financial reporting standards

The financial statements of the Company have been prepared in accordance with the Turkish Financial Reporting Standards, ("TFRS") and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") in line with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board of Turkey ("CMB") on June 13, 2013 which is published on Official Gazette numbered 28676. TFRS is updated in harmony with the changes and updates in International Financial and Accounting Standards ("IFRS") by the communiqués announced by the POA.

The financial statements are presented in accordance with "Announcement regarding with TAS Taxonomy" which was published on April 15, 2019 by POA and the format and mandatory information recommended by CMB.

The Company keeps and prepares its legal books and statutory financial statements in accordance with the accounting principles determined by the Turkish Commercial Code ("TCC") and tax legislation.

On 20 January 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies.

Comparatives and restatement of prior periods' financial statements

The financial statements of the Company include comparative financial information to enable the determination of the trends in the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period financial statements and the significant changes are explained.

Accounting for main maintenance expenses:

High amount of main maintenance expenses are made periodically for the furnaces used in production. The main maintenance expenses are a necessity to ensure the healthy continuity of production, and reflecting these expenses to the income statements as a whole within the month they are incurred causes fluctuations in the operational profitability of the company. The company management has changed its accounting policy in the current period and decided to associate the main maintenance expenses with the production costs gradually until the end of the reporting period. The main furnace maintenance expense amounting to TRY 45,307,605 realized in the first quarter of 2021, and TRY part of the entire amount has been reflected to the cost in the 12-month period ending on 31 December 2021, step by step. Main kiln maintenance expenses are related to the production cost, and since the changes in production and stock amounts do not allow the correction of previous periods to be measured properly, no adjustments have been made in the presentation of the financial statements.

Functional and reporting currency

Functional and reporting currency of the Company is Turkish Lira (TRY).

Based on the decision of CMB dated March 17, 2005 and numbered 11/367, since the objective conditions for the restatement in hyperinflationary economies was no longer available at that time, Turkey came off hyperinflationary status and the financial statements were only restated until December 31, 2004 in accordance with TAS 29 ("Financial Reporting in Hyperinflationary Economies"). Therefore, non-monetary assets and liabilities and components of shareholders' equity including share capital reported in the balance sheet as of December 31, 2021 and December 31, 2020 are derived by indexing the additions occurred until December 31, 2004 to December 31, 2004 and carrying the additions after this date with their nominal amounts.

2.2. New and revised Turkish financial reporting standards

The accounting policies adopted in preparation of the financial statements as at December 31, 2021 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2021. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

Standards, amendments and interpretations applicable as at 31 December 2021:

Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2; effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9; effective from annual periods beginning on or after 1 January 2023. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.

Standards, amendments and interpretations that are issued but not effective as at 31 December 2021:

Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the Practical expedient; as of March 2021, this amendment extended till June 2022 and effective from 1 April 2021. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

IFRS 17, 'Insurance contracts'; effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities; effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16; effective from Annual periods beginning on or after 1 January 2022.

- o Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- o Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- o Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8; effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction; from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

2.3 Summary of significant accounting policies

Right of use assets

The company recognizes right-of-use assets at the inception of the lease (for example, as of the date the asset is available for use). The right of use assets are calculated by deducting the accumulated depreciation and impairment losses from the cost value. In case the financial leasing debts are revalued, this figure is corrected.

The cost of the right of use asset includes:

- (a) the first measurement of the lease obligation,
- (b) the amount obtained from all rental payments made before or before the lease actually starts, by deducting all rental incentives received, and
- (c) All initial costs incurred by the Company.

Unless the transfer of ownership of the underlying asset to the Company at the end of the lease term is reasonably certain, the Company depreciates the right-of-use asset until the end of the useful life of the underlying asset from the actual commencement of the lease.

Right of use assets are subject to impairment assessment.

Lease Obligations

The Company measures the lease liability over the present value of the unpaid lease payments at the commencement date of the lease.

At the commencement date of the lease, the lease payments included in the measurement of the lease liability consist of the following payments for the right to use the underlying asset during the lease term, which were not paid at the commencement date of the lease:

- (a) Fixed payments,
- (b) Variable rental payments based on an index or rate, made using an index or rate at the date when the first measurement was actually started.
- (c) Amounts expected to be paid by the Company within the scope of residual value commitments

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liabilities simultaneously.

Cash and cash equivalents

For the presentation of the cash flow statement, cash and cash equivalents include cash on hand, cash at banks, checks (demand) and time deposits with an original maturity of less than 3 months.

Cash and cash equivalents are presented as the sum of acquisition costs and accrued interests.

Inventories

Inventories are valued at the lower of cost or net realizable value. Expenditures to restore inventories to their current condition are accounted for as follows:

Raw materials - consists of the purchase cost determined by the monthly weighted average.

Finished goods and work-in-process - Direct material and labor costs, variable and fixed general production costs are included at certain rates (taking into account normal operating capacity). Inventory valuation method is monthly weighted average method.

Net realizable value is the estimated selling price less estimated costs of completion and estimated costs to make the sale.

Property, plant and equipment

Cost value of property, plant and equipment consists of the purchase price and non-refundable taxes and expenses incurred to prepare the tangible asset for use.

Tangible fixed assets are shown with their net values after deducting accumulated depreciation from cost value and any impairment loss, if any. The land is not subject to depreciation, except for the lands on which minerals are extracted. The lands on which minerals are extracted are depreciated on the basis of the ratio of the reserves consumed during the year to the total reserves.

Assets under construction are shown at cost less any impairment loss, if any. Legal fees are also included in the cost. Borrowing costs are capitalized for assets that take significant time to be ready for use and sale. When these assets are completed and ready for use, they are classified into the relevant property, plant and equipment. Such assets are depreciated when they are ready for use, as is the depreciation method used for other fixed assets.

Depreciation is calculated on all property, plant and equipment on a straight-line basis over the estimated useful life of the asset as below.

	Useful Life
Land improvements and buildings	20-50 years
Machinery and equipment	5-20 years
Furniture and fixtures	5-10 years
Motor vehicles	5 years
Leasehold Improvements	5-47 years

Assets purchased under finance leases are depreciated over their expected useful lives, just like owned property, plant and equipment. If it is not certain whether ownership will be acquired at the end of the financial lease term, it is depreciated over the shorter of its expected useful life and the said lease term.

An item of property, plant and equipment is derecognized from statement of financial position (balance sheet) upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

Intangible assets mainly consist of computer software and mining rights and are capitalized at cost. Intangible assets, excluding mining rights, are amortized over the estimated economic life of the related asset using the straight-line method. Mining rights are depreciated on the basis of the ratio of the reserves consumed during the year to the total reserves.

The carrying values of intangible assets are reviewed for impairment when there is any event or changes in circumstances indicate that the carrying value may not be recoverable.

An intangible asset is derecognised when it is disposed of or when future economic benefits are not expected from its use or sale. The profit or loss on derecognition of an intangible asset is calculated as the difference between the net proceeds from the disposal of the assets and their carrying amount, if any. This difference is recognized in profit or loss when the related asset is taken off the balance sheet.

Goodwill

The difference between the cost incurred in the acquisition of a business and the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired business is accounted for as goodwill in the Financial statements.

Goodwill amount is not amortized within the framework of Turkish Financial Reporting Standard TFRS 3 "Business combinations". Goodwill is reviewed for impairment when deemed necessary, at least once a year, in circumstances and conditions where its carrying value will not be realized.

Impairment of non-financial assets

At each balance sheet date, the Company evaluates whether there is any indication that there is a depreciation of the book value of its tangible and intangible assets, which is calculated by deducting accumulated depreciation from the cost value. If such an indication exists, the recoverable amount of that asset is estimated to determine the amount of impairment. In cases where it is not possible to calculate the recoverable amount of the asset alone, the recoverable amount of the cash generating unit to which that asset belongs is calculated.

The recoverable amount is the higher of fair value or value in use after the deduction of sale costs. When calculating value in use, estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects the time value of money and risks specific to the asset. The main assumptions used during these studies are inflation expectations in the coming years, expected increases in sales and costs, expected changes in export-domestic market composition and expected country growth rates.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the income statement.

The increase in the carrying value of the asset (or cash-generating unit) due to the reversal of the impairment should not exceed the carrying amount (net amount after depreciation) that would have occurred had the impairment been recognized in previous years. The reversal of the impairment is recorded in the income statement. Impairment for goodwill cannot be reversed in future periods.

Foreign currency transactions

Transactions in foreign currencies are translated into TRY at the exchange rates on the date of the transaction. As of 31 December 2021, assets and liabilities in foreign currency were valued with the buying rate of the Central Bank of the Republic of Turkey on the balance sheet date, and the resulting foreign exchange differences were reflected in the relevant income and expense accounts.

The exchange rates used at the end of the period are as follows:

Date	TRY/USD	TRY/EUR
Buying rates		
31 December 2021	13,3290	15,0867
31 December 2020	7,3405	9,0079
Selling rates		
31 December 2021	13,3530	15,1139
31 December 2020	7,3537	9,0241

Provisions, contingent liabilities and assets**Provisions**

Provisions are accounted when the Company has a past legal or structural obligation as of the balance sheet date, it is probable that there will be an outflow of resources that provide economic benefits to settle the obligation, and a reliable estimate can be made about the amount of the obligation. No provision is made for operating losses expected to occur in future periods.

Contingent liabilities and assets

Contingent liabilities are not reflected in the financial statements and are explained in the footnotes if the situation requiring resource transfer is not highly probable. Contingent assets, on the other hand, are disclosed in the footnotes if they are not reflected in the financial statements and have a high probability of generating economic returns.

Income tax

The tax provision is the whole of the current period and deferred tax provisions taken into account in the calculation of the profit or loss for the period.

Deferred tax is reflected by considering the balance sheet liability method, taking into account the tax effects of temporary differences between the values of assets and liabilities reflected in the financial reporting and their bases in the legal tax account. Deferred tax liability is calculated on all taxable temporary differences

Deferred tax assets are set aside over all temporary differences and unused tax losses if it seems probable that sufficient profits will be generated to allow future deductible temporary differences and unused tax losses. In each balance sheet period, the Company reviews its deferred tax assets and accounts them with the possibility of being deductible in the future.

In the calculation of deferred tax assets and liabilities, the tax rates expected to occur in the periods when the aforementioned asset will be realized and the liability will be fulfilled are calculated based on the tax rates (tax legislation) applied as of the balance sheet date.

Employee benefits / provisions for employment termination benefits / provision for unused vacation**(a) Defined benefit plan:**

In accordance with the current labor law, the company is obliged to pay a certain amount of severance pay to the personnel who quit their job due to retirement after serving at least one year or who are dismissed for reasons other than resignation and bad behavior.

As stated in more detail in Note 15, the Company has reflected the provision for severance pay in the financial statements using the "Projection Method" based on the actuarial work done by an independent actuary. Severance pay liability is calculated by discounting the interest rate estimated by professional actuaries. Actuarial gain/loss is presented in equity as other comprehensive income/expense.

In the balance sheets, employee termination benefits are reflected under non-current liabilities as provisions for long term employee benefits

(b) Defined contribution plans:

The company pays compulsory social insurance premiums to the Social Security Institution. As long as the Company pays these premiums, it has no other obligations. These premiums are reflected in personnel expenses in the period they are accrued. In the period ending on 31 December 2021, a total of TRY 40,082,064 (31 December 2020: TRY 35,208,622) expense has been incurred for related premiums.

(c) Provision for unused vacation:

Short-term employee benefits include short-term benefits that are fully expected to be fulfilled within twelve months of the annual reporting period for which the service is rendered. In this context, since the Company's expectation is that all leave provisions will be fulfilled within twelve months following the annual reporting period, such leave provisions are shown in the short-term provisions for employee benefits.

Related parties

Parties are considered related to the Company if;

- A person or a close member of that person's family is related to a reporting entity if that person:
 - Has control or joint control over the Company,
 - Has significant influence over the Company
 - If the Company or a parent of the Company is a member of the key management personnel.
- The business is considered to be related to the Company if any of the following conditions exist:
 - If the entity and the company are members of the same group.
 - If the entity is an associate or joint venture of the other entity (or a member of a group of which the other entity is a member).
 - If both entities are joint ventures of the same third party.
 - If one of the entities is a joint venture of a third entity and the other entity is an affiliate of that third entity.

- (v) If the entity has post-employment benefit plans for employees of the Company or an entity associated with the Company. If the Company itself has such a plan, the sponsoring employers are also related to the Company.
- (vi) If the entity is controlled or jointly controlled by a person identified in (a).
- (vii) If a person identified in (i) of (a) has significant influence over the entity or is a member of the key management personnel of that entity (or its parent).

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Revenue recognition

The Company transfers the committed goods or services to its customers and takes the revenue to the financial statements when it fulfills the performance obligation. When an asset is taken by the customer, the asset is transferred.

The company records the revenue in the financial statements in line with the following 5 basic principles:

- Determination of customer contracts,
- Determination of performance obligations in contracts,
- Determining the transaction price in contracts,
- Distribution of the transaction price to the performance obligations in the contracts,
- Recognition of revenue when each performance obligation is met.

The Company recognizes a contract with its customer as revenue when all of the following conditions are met: The parties of the contract have confirmed the contract (in accordance with written, oral or other commercial practices) and undertakes to carry out their own actions,

- The Company can define the rights of each party related to the goods or services to be transferred,
- The Company can define the payment terms for the goods or services to be transferred,
- The contract is commercial in nature,
- It is probable that the Company will collect a fee for the goods or services to be transferred to the customer.

When assessing whether a charge is likely to be collectible, the Company considers only the customer's ability and intention to pay the charge on due date. At the beginning of the contract, the Company evaluates the goods or services that it has committed in the contract with the customer and defines each commitment to transfer to the customer as a performance obligation.

At the beginning of the contract, the Company evaluates the goods or services it has committed in the contract with the customer and defines each commitment to transfer to the customer as a performance obligation as follows:

- a) Different goods or services (goods or services package) or
- b) A series of different goods or services that are largely similar and are handed over to the customer in the same way

A series of goods or services are subject to the same cycle if the following conditions are met:

- a) When each different good or service in the series that the Company undertakes to transfer to its customer constitutes a performance obligation that will be completed over time by meeting the necessary conditions.
- b) In accordance with the relevant paragraphs of the standard, using the same method to measure the Company's progress towards full performance of the performance obligation in the transfer of each different good or service constituting the series to the customer.

Borrowing costs

Borrowing costs that are directly related to the purchase, construction or production of assets that take a significant amount of time to be ready for their intended use or sale are capitalized as part of the cost of the related assets. Other borrowing costs are expensed in the period in which they are incurred. Borrowing costs include interest and other costs incurred due to borrowing.

Earnings per share

Earnings per share in the income statement is calculated by dividing net income by the weighted average number of shares outstanding throughout the reporting period.

Companies in Turkey can increase their capital to their existing shareholders through "bonus shares" from various internal sources. Such "bonus share" distributions are treated as issued shares in earnings per share calculations. Accordingly, the weighted average number of shares used in these calculations is calculated by taking into account the retrospective effects of the said share distributions.

Subsequent events

Matters that arise after the balance sheet date and may affect the status of the Company on the balance sheet date are reflected in the financial statements. Matters arising after the balance sheet date that do not require adjustment are disclosed in the notes according to the degree of materiality.

Recognition at transaction and delivery date

All financial asset purchases and sales are accounted for on the transaction date, in other words, on the date the Company undertakes to purchase or sell. Ordinary purchases and sales are purchases and sales in which the delivery time of the asset is generally determined according to a legislation or regulations in the markets.

Financial instruments

The Company accounts its financial assets in three classes: financial assets accounted for using the amortized cost method and financial assets at fair value through profit or loss or at fair value through other comprehensive income. The classification is made on the basis of the business model and expected cash flows determined according to the purpose of benefiting from financial assets. Company management classifies financial assets on the date of purchase.

(a) Financial assets recognized at amortized cost

Financial assets that are not traded in an active market and are not derivative instruments, with fixed or fixed payments, where the company management has adopted the "business model of collecting contractual cash flows" and the terms of the contract include only the principal and interest payments arising from the principal balance on certain dates, are classified as "assets accounted for at cost". If their maturities are less than 12 months from the date of the statement of financial position, they are classified as current assets, and if they are longer than 12 months, they are classified as non-current assets. Assets accounted for at amortized cost include "trade receivables", "other receivables" and "cash and cash equivalents" items in the statement of financial position. In addition to these, trade receivables collected from factoring companies within the scope of revocable factoring transactions, which are included in trade receivables, are classified as assets accounted for at amortized cost, since the collection risk of these receivables is not transferred.

Impairment

Since the trade receivables accounted for at amortized cost in the financial statements do not contain an important financing component, the Company uses the provision matrix by choosing the "simplified" application in the impairment calculations. With this practice, the Company measures the expected credit loss provision at an amount equal to the lifetime expected credit losses, unless the trade receivables are impaired for certain reasons. Calculation of expected credit loss provision is made with the expected credit loss ratio determined by the Company based on past credit loss experiences and prospective macroeconomic indicators.

(b) Financial assets measured at fair value

Assets for which the company management has adopted the contractual cash flow collection and/or sales business model are classified as assets accounted for at fair value. If the management does not intend to dispose of the related assets within 12 months from the date of the statement of financial position, these assets are classified as non-current assets. The Company, during initial recognition for investments in equity-based financial assets, as equity investment, where the fair value difference is reflected in the other comprehensive income statement or profit or loss statement regarding the investment in question; makes a selection that cannot be changed later:

i) "Financial assets measured at fair value through profit or loss",

Financial assets at fair value through profit or loss; These financial assets consist of the financial assets held for trading in the short term, regardless of the reason for the short-term fluctuations in the market and the derivative instruments included in the statement of financial position. Derivative financial instruments are recognized as assets when the fair value is positive and as liabilities when the fair value is negative. The Group's derivative instruments consist of related transactions to time foreign currency purchases /sale contracts. Financial assets at fair value through profit or loss are firstly recognized in the statement of financial position, including transaction costs. These financial assets are valued at their fair values in the following periods. Realized or unrealized gains and losses are recognized in finance income / expense. Dividends received are recognized in profit or loss as profit share income. Derivatives are also classified as financial assets at fair value through profit or loss (Note 28)

ii) "Financial assets measured at fair value through other comprehensive income",

Financial assets measured at fair value through other comprehensive income are assets that are either equity securities or debt securities. The Company measures related financial assets at fair value. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for foreign exchange gains and losses. When an equity security is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to retained earnings. When a debt security is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss..

Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The quoted market price, if any, is the value that best reflects the fair value of a financial instrument.

The methods and assumptions in fair value estimation of the financial instruments of the Company are explained in Note 28.

Trade and other receivables

Trade receivables are recorded with their invoiced amounts and are carried with their net value discounted using the effective interest rate method and after deducting the doubtful receivable provision, if any.

Notes and post-dated checks classified under trade receivables are rediscounted using the effective interest rate method and carried with their discounted values.

The Company has chosen to apply the "simplified approach" defined in TFRS 9 standard within the scope of the impairment calculations of its trade receivables (with a maturity of less than 1 year) which are accounted at amortized cost in its financial statements and do not contain a significant financing component. With this approach, the Company measures the loss provisions for trade receivables at an amount equal to "lifetime expected credit losses", in cases where trade receivables are not impaired for certain reasons (except for realized impairment losses).

In addition, since the trade receivables accounted for at amortized cost in the financial statements do not contain an important financing component, the Company uses the provision matrix by choosing the simplified application for impairment calculations. With this practice, the Company measures the expected credit loss provision at an amount equal to lifetime expected credit losses. In the calculation of expected credit losses, the Company's forecasts for the future are also taken into account, along with past credit loss experiences. Following the provision for doubtful receivables, if all or part of the doubtful receivable amount is collected, the collected amount is deducted from the doubtful receivable provision and recorded as income in the profit or loss statement.

The Company has applied the simplified approach specified in TFRS 9 to calculate the expected credit loss provision for trade receivables. This approach allows for a lifetime expected credit loss provision for all trade receivables. In order to measure the expected credit loss, the Company first grouped its trade receivables by considering their maturities and credit risk characteristics. The expected credit loss ratio is calculated for each class of trade receivables grouped by using past credit loss experiences and prospective macroeconomic indicators, and the expected credit loss provision is calculated by multiplying the determined rate with the total trade receivables.

Financial investments

All financial investments are recorded at cost, which is considered to represent the fair value at the time of initial purchase and includes transaction costs. The Company measures these assets at their fair value. Gains or losses on related financial assets, excluding impairment and foreign exchange gains or expenses, are recognized in other comprehensive income.

After the initial recording, they are valued at their fair values. Interest earned from financial investments is shown as interest income. Other gains or losses on financial investments are shown in a separate line item "revaluation funds" in equity until the related assets are sold, liquidated or otherwise disposed of or are impaired in any way, after which income and associated with expense accounts.

Financial investments traded in Borsa İstanbul A.Ş. are valued on the basis of market prices formed in the stock market at the end of the business day on the balance sheet date. When there is no applicable valuation method to value unlisted financial investments, related financial investments are valued at historical cost.

Impairment of financial assets

Financial assets or groups of financial assets, other than financial assets at fair value through profit or loss, are evaluated at each balance sheet date to see if there are indications of impairment. An impairment loss occurs when one or more events occur after the initial recognition of the financial asset and there is an objective indication that the financial asset is impaired as a result of the adverse effect of the event on the future cash flows of the financial asset or group of assets that can be reliably estimated.

For available-for-sale equity instruments, a significant and sustained decline in fair value below cost is considered an objective indication of impairment.

Gains or losses on financial assets, excluding impairment gains and losses and foreign exchange gains or expenses, are recognized in other comprehensive income. In case of sale of said assets, valuation differences classified to other comprehensive income are reclassified to retained earnings.

For all financial assets, with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account, the impairment loss is directly deducted from the carrying amount of the financial asset. In case the trade receivable cannot be collected, the said amount is deducted from the provision account and written off. Changes in the provision account are accounted for in the income statement.

The increase in the fair value of available-for-sale equity instruments after impairment is recognized directly in equity.

For available-for-sale equity instruments, an impairment loss previously recognized in profit or loss is not reversed in profit or loss. The fair value increase resulting from the impairment loss is recognized in other comprehensive income and collected under the heading of revaluation provision for investments. For available-for-sale debt securities, an impairment loss is reversed in profit/loss in subsequent periods if the increase in the fair value of the investment is attributed to an event that occurs after the impairment loss has been recognized.

Financial liabilities

Financial liabilities are initially recognized at fair value net of transaction costs and are subsequently carried at amortized cost using the effective interest method, together with the interest expense calculated over the effective interest rate.

The effective interest method is the method of calculating the amortized costs of the financial liability and allocating the related interest expense to the related period. Effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial instrument or, where appropriate, a shorter period of time, to the net present value of the financial liability.

Borrowings

All bank loans are recorded at cost, which is considered to reflect their fair value at the time of initial registration and includes the issuance cost.

After initial recording, loans are shown with their net values discounted using the effective interest rate method. When calculating the discounted value, the costs at the time of the first issue and the discounts and premiums at the time of repayment are taken into account.

Income or expenses incurred during the amortization process or recording of liabilities are associated with the income statement.

Trade payables and other payables

Trade and other payables are recorded at a reduced cost, which represents the fair value of the invoiced or unbilled amount that will arise in the future related to the purchase of goods and services.

Provisions

Provisions are accounted for when the Company has a past legal or structural obligation as of the balance sheet date, it is probable that there will be an outflow of resources that provide economic benefits to settle the obligation, and a reliable estimate can be made about the amount of the obligation. No provision is made for operating losses expected to occur in future periods.

Severance pay liability is determined by actuarial calculations based on certain assumptions including discount rates, future salary increases and employee turnover rates. Due to the long-term nature of these plans, these assumptions involve significant uncertainties. Details on provisions for employee benefits are provided in Note 15.

Provisions for doubtful receivables reflect the amounts that the Company management believes will cover the future losses of the receivables that exist as of the balance sheet date but have the risk of being uncollectible within the current economic conditions. While evaluating whether the receivables are impaired or not, the past performance of the debtors other than the related parties and key customers, their credibility in the market, their performance from the balance sheet date to the approval date of the financial statements and the renegotiated conditions are also taken into consideration. As of the relevant balance sheet date, provisions for doubtful receivables are reflected in Note 7.

The Company has applied the simplified approach specified in TFRS 9 to calculate the expected credit loss provision for trade receivables. This approach allows for a lifetime expected credit loss provision for all trade receivables. In order to measure the expected credit loss, the Company first grouped its trade receivables by considering their maturities and credit risk characteristics. The expected credit loss ratio is calculated for each class of trade receivables grouped by using past credit loss experiences and prospective macroeconomic indicators, and the expected credit loss provision is calculated by multiplying the determined rate with the total trade receivables.

Provisions for lawsuits, the possibility of losing the relevant lawsuits when leaving, and the consequences that will be endured in case of loss are evaluated in line with the opinions of the Company's legal advisors, and the Company Management makes its best estimates using the data at hand and the explanations regarding the provision it deems necessary are included in Footnote 13.

Regarding the inventory impairment, the stocks are examined physically and how old they are, their usability is determined in line with the opinions of the technical personnel, and a provision is made for items that are not expected to be used. In determining the net realizable value of inventories, data on list sales prices and average discount rates given during the year are used, and estimates are made regarding the sales expenses to be incurred. As a result of these studies, the details of the provision for inventories with a net realizable value below the cost value are given in Note 9.

The Company makes assumptions based on views of the technical personnel in the calculation of provision for recultivation of exploitation lands. As a result of these analyses, assessments of the provision for recultivation of exploitation lands are provided in Note 13.

Recognition and de-recognition of financial instruments

The company reflects the financial assets or liabilities on its balance sheet if it is a party to the related financial instrument contracts. The company derecognises all or part of the financial asset only when it loses control over the contractual rights to which the said assets are subject. The company writes off financial liabilities only if the obligation defined in the contract ceases to exist, is canceled or expires.

Going Concern

Financial statements have been prepared according to the going concern principle.

Significant accounting estimates, judgments, and assumptions

The preparation of the financial statements requires the disclosure of the amounts of assets and liabilities reported as of the balance sheet date, the disclosure of contingent assets and liabilities, and the use of estimates and assumptions that may affect the amounts of income and expenses reported during the accounting period. The company makes predictions and assumptions about the future. Accounting estimates may not result in exactly the same amounts as the actual results due to their nature. Some estimates and assumptions that may cause significant adjustments to the carrying value of assets and liabilities in the upcoming financial reporting period are as follows:

Goodwill impairment assessment:

In accordance with the accounting policies regarding goodwill stated in Note 2, these amounts are reviewed by the Company for impairment every year or more frequently when there are conditions indicating the existence of impairment. The recoverable value of cash-generating units was determined based on value-in-use calculations. Certain estimates have been made for these calculations (Note 12). As a result of these studies, no impairment was detected.

Fair value calculation of financial investments

In accordance with the accounting policies related to financial investments stated in Note 2, these amounts are reviewed annually by the Company. The recoverable value of cash-generating units was determined based on value-in-use calculations. Certain estimates have been made for these calculations (Note 5). As a result of these studies, no significant increase in value was detected.

Useful lives

The company determines the nature of the capitalized asset for its tangible and intangible assets in TAS 16 and TMS 38 standards and based on this, the relevant assets are capitalized when they are ready for use.

Tangible assets and intangible assets excluding goodwill are amortized over their estimated useful lives. The company determines the useful life of an asset by considering the estimated useful life of that asset. Useful lives determined by management are disclosed in Note 2.3.

3. Segment Reporting

The majority of the Company's overseas sales consist of one-time sales to different geographical regions, and the distribution of sales by geographical regions is not consistent over the years. Therefore, the details of the revenue are given in Note 18 as domestic and international sales.

The Company's business activities are managed and organized depending on the content of the services and products it provides. The company reports according to its segments in accordance with TFRS 8. Information on the Company's business areas includes the Company's earnings and profits from cement (including clinker and aggregate) and ready-mixed concrete activities as of 31 December 2021 and 31 December 2020.

1 January - 31 December 2021	Cement	Ready- mixed concrete	Unallocated	Elimination	Total
Revenue	2.322.844.864	697.257.186	-	(148.698.265)	2.871.403.785
Cost of sales (-)	(1.909.359.759)	(689.825.671)	-	148.698.265	(2.450.487.165)
Gross profit	413.485.105	7.431.515	-	-	420.916.620
General administrative, marketing expenses (-)	(112.387.593)	(12.027.332)	-	-	(124.414.925)
Other income/expenses from operating activities (-), net	(52.604.915)	411.266	-	-	(52.193.649)
Operating profit	248.492.597	(4.184.551)	-	-	244.308.046
Income/expense from investing activities (-), net	39.109.485	655.080	-	-	39.764.565
Financial income/expense (-), net	(50.889.686)	-	-	-	(50.889.686)
Profit before tax from continuing operations	236.712.396	(3.529.471)	-	-	233.182.925
Profit before tax from continuing operations, net	-	-	70.436.008	-	70.436.008
Current tax expense (-)	-	-	(50.928.389)	-	(50.928.389)
Deferred tax income/(expense)	-	-	121.364.397	-	121.364.397
Profit from continuing operations	236.712.396	(3.529.471)	70.436.008	-	303.618.933

AKÇANSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

31 December 2021	Cement	Ready-mixed concrete	Unallocated	Elimination	Total
Assets and liabilities					
Segment assets	2.384.746.525	273.721.725	-	-	2.658.468.250
Associates	-	-	430.656.525	-	430.656.525
Unallocated assets	-	-	414.072.180	-	414.072.180
Total assets	2.384.746.525	273.721.725	844.728.705	-	3.503.196.955
Unallocated liabilities	-	-	3.503.196.955	-	3.503.196.955
Total liabilities	-	-	3.503.196.955	-	3.503.196.955
1 January - 31 December 2020	Çimento	Hazır beton	Dağıtılmamış	Eliminasyon	Toplam
Other segment information					
Capital expenditures (expenses)					
Tangible and intangible assets	148.934.230	1.885.419	-	-	150.819.649
Total capital expenditures	148.934.230	1.885.419	-	-	150.819.649
Amortization expenses	87.577.219	17.292.879	-	-	104.870.098
Depreciation expenses	3.919.092	42.211	-	-	3.961.303

AKÇANSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

1 January – 31 December 2020	Cement	Ready- mixed concrete	Unallocated	Elimination	Total
Revenue	1.635.145.159	414.437.198	-	(82.474.280)	1.967.108.077
Cost of sales (-)	(1.283.612.967)	(434.024.479)	-	82.474.280	(1.635.163.166)
Gross profit	351.532.192	(19.587.281)	-	-	331.944.911
General administrative, marketing expenses (-)	(97.776.430)	(12.116.524)	-	-	(109.892.954)
Other income/expenses from operating activities (-), net	(30.698.895)	(7.691.669)	-	-	(38.390.564)
Operating profit	223.056.867	(39.395.474)	-	-	183.661.393
Income/expense from investing activities (-), net	1.698.198	1.433.627	-	-	3.131.825
Financial income/expense (-), net	(40.940.777)	-	-	-	(40.940.777)
Profit before tax from continuing operations	183.814.288	(37.961.847)	-	-	145.852.441
Tax income/(expense)	-	-	(31.014.245)	-	(31.014.245)
Current tax expense (-)	-	-	(35.097.363)	-	(35.097.363)
Deferred tax income/(expense)	-	-	4.083.118	-	4.083.118
Profit from continuing operations	183.814.288	(37.961.847)	(31.014.245)	-	114.838.196

AKÇANSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

AKÇANSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

5. Financial investments

	31 December 2021			31 December 2020	
	Share (%)	Amount	2021 Increase in Value	Share (%)	Amount
Financial assets measured at fair value through other comprehensive income					
Çimsa Çimento Sanayi ve Ticaret Anonim Şirketi (Çimsa)	8,98	373.621.248	157.697.280	8,98	215.923.968
Arpaş Ambarlı Römorkaj Pilataj Ticaret A.Ş. (Arpaş)	16,00	40.430.178	6.802.750	16,00	33.627.428
Liman İşletmeleri ve Nakliyecilik A.Ş. (Liman İşletmeleri)	15,00	13.218.698	-	15,00	13.218.698
Eterpark Endüstri Ürünleri İmalat Ticaret İthalat İhracat Pazarlama A.Ş. (Eterpark)	8,73	1.549.260	-	8,73	1.549.260
Ambarlı Kılavuzluk A.Ş.	16,00	800.000	411.362	16,00	800.000
Altaş Ambarlı Liman Tesisleri A.Ş. (Altaş)	14,00	1.037.141	-	14,00	625.779
Total		430.656.525	164.911.392		265.745.133

Çimsa Çimento Sanayi ve Ticaret Anonim Şirketi, one of the Company's assets traded in the stock exchange, whose fair value difference is recorded in other comprehensive income, was valued with the best purchase price pending in the BIST on the balance sheet date, and the fair value determination was made.

Fair value increase (net) amounting to a total of TRY 157,697,280 (31 December 2020: TRY 105,778,483) of Çimsa Çimento Sanayi ve Ticaret Anonim Şirketi, one of the assets whose fair value difference is recorded in other comprehensive income for the accounting period ending on 31 December 2021 (net), TRY 7,884,864 (31 December 2020: TRY 5,288,924), taking into account the deferred tax effect, was accounted for under the "Gains / losses from financial assets at fair value through other comprehensive income" account.

The details of financial investments for the years ended December 31, are as follows:

	2021	2020
As of January, 1	265.745.133	159.966.650
Change in fair value	164.911.392	105.778.483

As of December, 31	430.656.525	265.745.133
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31 December 2020	Cement	Ready- mixed concrete	Unallocated	Elimination	Total
Assets and liabilities					
Segment assets	1.569.332.040	225.975.456	-	-	1.795.307.496
Associates	-	-	265.745.133	-	265.745.133
Unallocated assets	-	-	370.803.482	-	370.803.482
Total assets	1.569.332.040	225.975.456	636.548.615	-	2.431.856.111
Unallocated liabilities	-	-	2.431.856.111	-	2.431.856.111
Total liabilities	-	-	2.431.856.111	-	2.431.856.111
Other segment information					
Capital expenditures (expenses)					
Tangible and intangible assets	117.145.177	5.410.395	-	-	122.555.572
Total capital expenditures	117.145.177	5.410.395	-	-	122.555.572
Amortization expenses	81.596.026	16.218.809	-	-	97.814.835
Depreciation expenses	3.194.819	16.504	-	-	3.211.323

4. Cash and cash equivalents

	31 December 2021	31 December 2020
Cash at banks (including short-term time deposits)	242.895.382	313.900.931
Checks in collection	22.067.385	4.472.100
Cash in hand	-	217
Total	264.962.767	318.373.248

Time deposits are made with maturities varying between 1-30 days for Turkish Lira and 1-30 days for US Dollars (1-30 days for 31 December 2020 TRY and US Dollars), depending on the Company's urgent cash needs. The interest rate is %24 for TRY and %1 for USD (%17.50 for TRY on 31 December 2020, %2.75 for USD).

The Company does not have blocked deposits as of December 31, 2021 and December 31, 2020.

As of 31 December 2021, the company has valued its financial investments at their fair value and no provision for impairment is required. In this analysis, the main assumptions used in making the discounted cash flow estimation of financial investments in TRY on the financial statements foreseen until 2026 are weighted average cost of capital (Arpaş: %26.8, Altaş: %27.4) and long-term growth rate (%5).)

	Currency	Discount Rate%1 Change Effect
Arpaş	TL	(8.514.000)/9.346.000
Altaş	TL	(271.000)/298.000

31 December 2020					
	Currency	Original Amount	Term	Interest(%)	TRY Balance
Short-term loans	TL (*)	100.000.000	6 May 2021	8,00%	105.239.338
	TL (*)	25.000.000	9 June 2021	8,50%	26.188.110
	TL (*)	100.000.000	11 May 2021	8,50%	105.431.519
	TL (*)	75.000.000	31 March 2021	9,00%	76.703.523
					313.562.490

(*) Fixed interest loans

6. Financial liabilities

Short-term financial liabilities

31 December 2021					
	Currency	Original Amount	Term	Interest(%)	TRY Balance
Short-term loans	TL (*)	25.000.000	9 March 2022	17,50%	28.553.541
	TL (*)	25.000.000	10 March 2022	17,50%	28.540.766
	TL (*)	25.000.000	15 March 2022	17,50%	28.476.978
	TL (*)	30.000.000	12 April 2022	18,00%	31.194.572
	TL (*)	85.000.000	13 April 2022	19,50%	88.605.948
	TL (*)	85.000.000	13 April 2022	19,50%	88.619.126
	TL (*)	75.000.000	30 April 2022	10,00%	76.248.587
	TL (*)	75.000.000	30 April 2022	9,50%	76.170.557
	TL (*)	50.000.000	30 June 2022	8,10%	50.246.260
	TL (*)	130.000.000	16 March 2022	19,00%	131.009.370
	TL (*)	35.000.000	2 December 2022	11,00%	34.989.721
	TL (*)	14.000.000	1 January 2022	19,00%	14.563.703
	TL (*)	10.000.000	1 January 2022	15,00%	10.006.944
					687.226.073

Short-term portion of long-term borrowings

31 December 2020					
	Currency	Original Amount	Term	Interest(%)	TRY Balance
Short-term portion of long term borrowings	TL (*)	75.000.000	30 November 2021	%10,00	1.281.800
	TL (*)	75.000.000	31 October 2021	%9,50	1.243.073
	TL (*)	50.000.000	31 December 2021	%8,10	221.220
					2.746.093

Long-term borrowings

31 December 2020					
	Currency	Principal	Maturity	Interest Rate (%)	TRY Balance
Uzun vadeli krediler	TL (*)	75.000.000	30 April 2022	10,00%	75.000.000
	TL (*)	75.000.000	30 April 2022	9,50%	75.000.000
	TL (*)	50.000.000	30 June 2022	8,10%	50.000.000
					200.000.000

(*) Fixed interest loans

AKÇANSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

AKÇANSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

The movement of the borrowing transactions is as follows:

	Principal	Interest	Exchange rate	2021
1 January	499.743.234	16.565.349	-	516.308.583
Provision received	767.784.324	73.949.717	-	841.734.041
Provision paid	(604.021.925)	(66.794.626)	-	(670.816.551)
31 December	663.505.633	23.720.440	-	687.226.073

	Ana para	Faiz	Kur farkı	2020
1 January	384.263.406	12.562.113	-	396.825.519
Provision received	500.000.000	54.261.210	2.174.749	556.435.959
Provision paid	(384.520.172)	(50.257.974)	(2.174.749)	(436.952.895)
31 December	499.743.234	16.565.349	-	516.308.583

Payables from leases

	Currency	31 December 2021	31 December 2020
Payables from short-term lease transactions	TL	13.074.173	9.695.146
Payables from long-term lease transactions	TL	90.092.478	81.479.612
		103.166.651	91.174.758

Movement of debts from leasing transactions is presented below:

	2021	2020
1 January balance	91.174.758	79.628.949
Affiliate exit effect	(500.693)	-
Additions	30.675.307	20.536.667
Interest expense	15.805.177	14.200.598
Payments	(33.987.898)	(23.191.456)
31 December balance	103.166.651	91.174.758

7. Trade receivables and payables**Trade receivables****Short-term trade receivables**

	31 December 2021	31 December 2020
Trade receivables, net	350.484.679	247.123.922
Notes receivables and post-dated checks, net	178.668.531	173.946.972
Due from associates (Note 26)	3.490.948	-
Due from related parties (Note 26)	29.944.374	21.213.805
Doubtful receivables	17.419.586	20.026.918
Provision for doubtful receivables (-)	(17.419.586)	(20.026.918)
	562.588.532	442.284.699

The effective interest rates used to calculate net book value of the receivables are %16.01 for TRY,%0.209 for USD (31 December 2020: %16.28 for TRY, %0.238 for USD),

The provision for doubtful receivables for trade receivables has been determined based on past experience of uncollectibility.

The movement of the provision for doubtful receivables for the period ended December 31, 2021 and December 31, 2020 is as follows:

	2021	2020
1 January	20.026.918	21.063.962
Affiliate exit effect	(353.440)	-
Provision for doubtful receivables in the current period (Note 19)	(324.683)	809.628
Collections (Note 19)	(1.929.209)	(1.846.672)
31 December	17.419.586	20.026.918

The collection period of trade receivables varies depending on the product quality and the contracts with the customers and the average is 53 days (31 December 2020: 57 days).

The Company has accounted for lifetime expected losses on trade receivables under trade receivables net account.

As of December 31, 2021 and December 31, 2020, the maturity analysis of trade receivables is as follows:

	Not due receivables	Receivables that are overdue but not provided for doubtful receivables					Total
		Less than one month	1-2 months	2-3 months	3-4 months	More than 4 months	
31 December 2021	524.350.933	4.296.180	359.757	25.180	-	121.160	529.153.210
31 December 2020	415.245.603	4.594.982	149.795	33.531	1.813	1.045.170	421.070.894

Trade payables

Short-term trade payables

	31 December 2021	31 December 2020
Suppliers, net	738.772.481	349.700.133
Due to associates (Note 26)	818.140	1.258.933
Due to related parties (Note 26)	274.617.877	92.041.756
Due to shareholders (Note 26)	1.567.963	904.274
	1.015.776.461	443.905.096

The average payment period of trade payables is between 45 to 60 days, (December 31, 2020: between 30 to 45 days)

The effective interest rates used to calculate net book value of the payables are %16.01 for TRY and %0,209 for USD (December 31, 2020 %16.28 for TRY – %0,238 for USD),

8. Other receivables, other payables, deferred income and payables within the scope of employee benefits

Short-term other receivables

	31 December 2021	31 December 2020
Deferred VAT	146.567.401	50.500.445
Insurance receivables	329.235	566.023
Due from personnel (Note 26)	873.594	387.254
Deposits and guarantees given	9.550	9.550
Other	1.329.672	967.004
	149.109.452	52.430.276

Short-term other payables

	31 December 2021	31 December 2020
Deposits and guarantees received	3.517.751	6.444.729
Taxes and funds payable	10.877.039	3.432.032
Other payables (*)	22.836.379	7.181.122
	37.231.169	17.057.883

(*) A large part of the balance consists of the share of the State from the tax accrual registration and mineral extraction resulting from the valuation of the company's tangible and intangible assets within the scope of Law No. 7326.

Short-term deferred income

	31 December 2021	31 December 2020
Advances received	9.546.969	14.155.450
Other deferred revenue	-	791.142
	9.546.969	14.946.592

AKÇANSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

AKÇANSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

Short-term liabilities within the scope of employee benefits

	31 December 2021	31 December 2020
Social security premiums payable	4.406.843	3.543.134
Due to personnel (Note 26)	2.020.016	1.122.674
Taxes and funds payable	3.680.469	2.868.720
	10.107.328	7.534.528

Other long-term receivables

	31 December 2021	31 December 2020
Deposits and guarantees given	5.206.131	4.554.520
	5.206.131	4.554.520

9. Inventories

	31 December 2021	31 December 2020
Raw materials, net	444.198.633	141.519.685
Semi finished goods	60.365.968	20.057.168
Finished goods	45.418.775	14.674.673
Goods in transit (*)	222.685.101	3.825.222
	772.668.477	180.076.748

(*) Goods in transit consist of Petrocoke and coal stocks that were purchased as of 31 December 2021 and did not reach the Company.

As of December 31, 2021 and 2020, the movement of provision for impairment of inventories is presented below:

	2021	2020
1 January	14.208.351	13.277.285
Current year charge (*)	2.258.552	2.537.798
Period usage	(1.483.444)	(1.606.732)
31 December	14.983.459	14.208.351

(*) Accounted for under cost of sales,

10. Property, plant and equipment

	1 January 2021	Additions	Transfers (**)	Disposals	Affiliate exit effect	31 December 2021
Cost						
Land and land improvements	165.655.774	-	1.039.650	(18.624)	(1.109.529)	165.567.271
Buildings	319.181.004	-	21.888.798	(83.200)	(7.126.455)	333.860.147
Machinery and equipment (*)	1.734.846.778	830.525	82.919.945	(11.141.034)	(25.288.459)	1.782.167.755
Furniture, fixtures and motor vehicles	104.946.164	1.257.713	5.127.808	(563.377)	(1.517.870)	109.250.438
Leasehold improvements	85.950.687	-	6.687.147	(1.803.784)	(1.157.681)	89.676.369
Construction-in-progress	29.256.148	148.728.625	(122.490.385)	-	(508.909)	54.985.479
Total	2.439.836.555	150.816.863	(4.827.037)	(13.610.019)	(36.708.903)	2.535.507.459
Minus: Accumulated depreciation:						
Land and land improvements	95.054.088	3.030.972	-	-	(986.098)	97.098.962
Buildings	223.737.459	9.394.130	-	(14.311)	(6.331.156)	226.786.122
Machinery and equipment	1.141.156.465	60.843.321	-	(10.024.347)	(20.771.822)	1.171.203.617
Furniture, fixtures and motor vehicles	71.985.794	9.049.508	-	(393.121)	(1.263.853)	79.378.328
Leasehold improvements	55.054.921	4.928.756	-	(1.788.670)	(755.213)	57.439.794
Total	1.586.988.727	87.246.687	-	(12.220.449)	(30.108.142)	1.631.906.823
Property, plant and equipment, net	852.847.828					903.600.636

(*) It consists of investment expenditures that meet the substitution, development, environmental and legal requirements for the Company to continue its activities.

AKÇANSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

AKÇANSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

Rights and other intangible assets mainly consist of mining rights, computer software and other rights.

	1 January 2020	Additions	Transfers (**)	Disposals	31 December 2020
Cost					
Land and land improvements	167.107.113	-	4.370.313	(5.821.652)	165.655.774
Buildings	310.910.271	-	8.270.733	-	319.181.004
Machinery and equipment (*)	1.651.322.629	143.783	92.049.167	(8.668.801)	1.734.846.778
Furniture, fixtures and motor vehicles	97.783.091	839.193	7.985.363	(1.661.483)	104.946.164
Leasehold improvements	84.696.610	3.333	1.261.547	(10.803)	85.950.687
Construction-in-progress	26.698.473	121.569.263	(119.011.588)	-	29.256.148
Total	2.338.518.187	122.555.572	(5.074.465)	(16.162.739)	2.439.836.555
Less: Accumulated depreciation					
Land and land improvements	92.020.920	3.033.168	-	-	95.054.088
Buildings	213.725.452	10.012.007	-	-	223.737.459
Machinery and equipment	1.092.517.868	57.122.512	-	(8.483.915)	1.141.156.465
Furniture, fixtures and motor vehicles	65.025.858	8.350.169	-	(1.390.233)	71.985.794
Leasehold improvements	49.125.455	5.934.553	-	(5.087)	55.054.921
Total	1.512.415.553	84.452.409	-	(9.879.235)	1.586.988.727
Maddi varlıklar, net	826.102.634				852.847.828

(**) As of 31 December 2021, there is TRY4,827,037 transfer from investments to intangible assets (31 December 2020: TRY5,074,465)

As of 31 December 2021, the total cost of tangible assets purchased through financial leasing is TRY 14,694,343 (31 December 2020: 14,694,343 TRY), total accumulated depreciation is TRY 9,239,804 (31 December 2020: TRY 9,180,538).

As of 31 December 2021, the cost value of tangible and intangible assets that are still in use but fully depreciated is TRY 1,027,662,293 (December 31, 2020 - TRY 975,598,773).

Pledge and mortgages on assets

There are no pledges or mortgages on Group's property, plant and equipment as of December 31, 2021 and December 31, 2020.

11. Intangible assets

	1 January 2021	Additions/ charge	Transfers from construction -in-progress	Disposals	Affiliate exit effect	31 December 2021
Cost						
Rights and other intangibles (*)	90.448.872	2.786	4.827.038	(14.368)	(361.517)	94.902.811
Minus: Accumulated amortisation						
Rights and other intangibles (**)	46.080.926	3.961.303	-	(14.368)	(349.055)	49.678.806
Intangible assets, net	44.367.946					45.224.005

	1 January 2020	Additions/ charge	Transfers from construction-in-progress	Disposals	31 December 2020
Cost					
Rights and other intangibles (*)	85.374.407	-	5.074.465	-	90.448.872
Less: Accumulated amortisation					
Rights and other intangibles (**)	42.869.603	3.211.323	-	-	46.080.926
Maddi olmayan varlıklar, net	42.504.804				44.367.946

(*) As of December 31, 2021, intangible assets amounting to TRY45,845,352 consist of mining rights (December 31, 2020 - TRY45,233,220).

(**) As of December 31, 2021, TRY13,359,016 of this amount consists of mining rights related accumulated amortization (December 31, 2020 - TRY12,999,840).

12. Goodwill

As of May 1, 2007, the company has concluded all transactions regarding the fair value determination of the assets and liabilities of the purchased Ladik Cement factory, and as a result of this study, goodwill amounting to TRY 129,457,887 has been reflected in the records.

As of 28 November 2017, the company purchased the Çarşamba Ready-Mixed Concrete plant for TRY 1,059,322, and as a result of this transaction, TRY 436,340 of machinery and equipment was recorded and a goodwill of TRY 622,982 was reflected in its records.

The details of goodwill are as follows:

	31 December 2021	31 December 2020
Ladik Cement Factory	129.457.887	129.457.887
Çarşamba Hazır Beton Plant	622.982	622.982
	130.080.869	130.080.869

Goodwill is subject to impairment test every year. The recoverable amounts of cash generating units are determined on value in use basis.

Value in use is calculated by discounting the cash flows expected to be derived from continued use of the unit. As of 31 December 2021, the following assumptions were used in calculating the value in use:

The goodwill impairment test was performed on the 5-year projections approved by the management between the dates of January 1, 2022 and December 31, 2026.

In order to calculate the recoverable value of the unit, the weighted average cost of capital ratio is used as the after-tax discount rate of %24.45 (31 December 2020: %17.55) and it has been tested at a sensitivity of %1.00 (31 December 2020 - %1.00).

The after-tax rate has been adjusted for tax-related cash outflows, other future taxable cash flows, and the differences between the cost of assets and tax bases.

31 December 2021			
	Currency	Discount Rate (%)	Discount Rate Change Effect %1 +/-
Ladik	TRY	24,45	(22.923.229)/27.148.495

13. Provisions, contingent assets and liabilities

Short-term provisions for employee benefits

	31 December 2021	31 December 2020
Unused vacation provision	5.139.065	4.154.079
Bonus premium	8.369.510	6.456.300
	13.508.575	10.610.379

Other short-term provisions

	31 December 2021	31 December 2020
Provision for lawsuits	9.719.212	7.554.938
Other provisions	131.772	86.921
	9.850.984	7.641.859

Movement of short-term provisions:

	Provision for lawsuits (Not 21)	Vacation pay liability	Bonus accruals to be paid to executive management	Other
1 January 2021	7.554.938		6.456.300	86.921
Change in vacations, net	-	1.466.351	-	-
Current year charge	284.362	-	9.275.714	131.772
Payments	(1.473.970)	(481.365)	(7.362.504)	(86.921)
Changes in estimates	3.353.882	-	-	-
31 December 2021	9.719.212	5.139.065	8.369.510	131.772

	Provision for lawsuits (Not 21)	Vacation pay liability	Bonus accruals to be paid to executive management	Other
1 January 2020	4.407.935	4.540.864	-	125.377
Change in vacations, net	-	294.001	-	-
Current year charge	4.404.531	-	8.992.968	-
Payments	(1.257.528)	(680.786)	(2.536.668)	(38.456)
31 December 2020	7.554.938	4.154.079	6.456.300	86.921

AKÇANSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

AKÇANSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

Other long-term provisions

Provision to make mine fields natural	31 December 2021	31 December 2020
January 1	4.540.052	4.433.339
Current year charge/(reversal)	1.107.868	680.880
Discount effect	(1.548.215)	(574.167)
	4.099.705	4.540.052

Guarantees received and given

As of 31 December 2021 and 31 December 2020, the guarantees received and given on behalf of the Company's own legal entity are as follows:

	Currency	31 December 2021		31 December 2020	
		Original amount	TRY Equivalent	Original Amount	TRY Equivalent
Guarantee letters received	EUR	1.049.175	15.828.588	514.950	4.694.490
Guarantee letters received	USD	26.000	346.554	-	-
Guarantee letters received	TRY	387.968.618	387.968.618	233.988.912	233.988.912
Mortgages received	TRY	36.634.800	36.634.800	60.850.203	60.850.203
Cheques and notes received	TRY	36.519.377	36.519.377	14.494.509	14.494.509
Cheques and notes received	EUR	53.100	801.104	53.100	484.081
Cheques and notes received	USD	135.225	1.802.414	135.225	1.003.288
Toplam alınan teminatlar		479.901.455		315.515.483	

Para Birimi	31 December 2021		31 December 2020	
	Original Amount	TRY Equivalent	Original Amount	TRY Equivalent
A, Given on Behalf of Its Legal Entity				
Total Amount of Collateral, Pledge and Mortgage (CPM)		91.705.221		48.250.117
TRY	56.079.417	56.079.417	28.419.673	28.419.673
USD	2.668.000	35.625.804	2.668.000	19.830.444
EUR	-	-	-	-
B, Total Amount of CPMs Given in Favor of Partnerships Included in Full Consolidation		-	-	-
C, Total Amount of CPM's Given by Other 3rd Persons for the Purpose of Ordinary Commercial Activities		-	-	-
D. Total Amount of Other CPMs Given		-	-	-
i, Total amount of guarantees given on behalf of main shareholder	-	-	-	-
ii, Total amount of guarantees given on behalf of group Company which is not under Section B and C	-	-	-	-
iii, Total amount of guarantees given on behalf of third parties which is not under Section C	-	-	-	-
Total guarantees given		91.705.221		48.250.117

The ratio of other CPM's given by the Company to the Company's equity is %0 as of 31 December 2021 (31 December 2020: %0).

Insurance amount on assets

Insurance amount for cash, stocks and tangible assets included in the assets is TRY 10,797,395,363 (31 December 2020: TRY 5,961,804,212).

Lawsuits

As of 31 December 2021, the amount of pending lawsuits against the Company is TRY 38,232,776 (31 December 2020: TRY 37,985,619). These lawsuits mostly consist of lawsuits filed by workers or their families due to work accidents or the alleged negligence of the Company's employees by third parties. As of 31 December 2021, a provision of TRY 9,719,212 has been reserved for the risky cases that are not covered by the employer's liability insurance and that the lawsuits are concluded against the Company (31 December 2020: TRY 7,554,938).

Possible contingencies related to environment law and land protection and utilization law

In accordance with the legislation on environmental protection, the Company has obligations related to activities such as mining and cement production. All taxes, fees and emission fees etc. arising from this legislation obligations are fulfilled by the Company. The aforementioned legislation also includes regulations regarding the elimination of soil polluting and degrading negativities that may arise during the abandonment of the mines. As a result of this, the Company has calculated the net present value of the estimated cost of the recovery plans that it thinks will meet the requirements of the legislation regarding the mining sites it operates. The net present value of this cost, which corresponds to the area of the land opened as of 31 December 2021, is TRY 4,099,705 (31 December 2020: TRY 4,540,052) as of the aforementioned date, by recording the mine sites as a provision for reclaiming the nature, and showed it under the "Long-Term Debt Provisions" item.

Derivative instruments

Derivative instruments	31 December 2021	31 December 2020
Derivative instruments	12.482.296	-
	12.482.296	-

The Company made a total of USD 10,000,000 forward transaction with İşbank, with a maturity of February 4, 2022. As of 31 December 2021, its fair value of TRY 12,482,296 is recorded as derivative assets.

14. Right of use assets

	1 January 2021	Addition	Disposal	Affiliate exit effect	31 December 2021
Cost					
Property	85.291.832	23.752.970	(584.272)	(1.069.482)	107.391.048
Fixtures	12.968.025	2.937.616	-	-	15.905.641
Vehicles	16.457.658	4.630.077	(123.957)	(744.443)	20.219.335
Total	114.717.515	31.320.663	(708.229)	(1.813.925)	143.516.024
Minus: Accumulated depreciation					
Property	14.508.663	10.625.992	-	(132.908)	25.001.747
Fixtures	1.953.363	1.342.411	-	-	3.295.774
Vehicles	7.376.364	5.655.008	-	(360.922)	12.670.450
Total	23.838.390	17.623.411	-	(493.830)	40.967.971
Right of use assets, net	90.879.125				102.548.053

	1 January 2020	Girişler	Çıkışlar	31 December 2020
Cost				
Property	70.141.785	16.628.494	(1.478.447)	85.291.832
Fixtures	11.148.971	1.819.054	-	12.968.025
Vehicles	10.834.290	5.623.368	-	16.457.658
Total	92.125.046	24.070.916	(1.478.447)	114.717.515
Minus: Accumulated depreciation				
Property	7.195.302	7.313.361	-	14.508.663
Fixtures	718.205	1.235.158	-	1.953.363
Vehicles	2.562.457	4.813.907	-	7.376.364
Total	10.475.964	13.362.426	-	23.838.390
Right of use assets, net	81.649.082			90.879.125

15. Employee benefits
Long-term provision for employee termination benefits

	31 December 2021	31 December 2020
Provision for employee termination benefits	54.677.673	46.576.784
Seniority incentive premium	15.415.366	12.361.561
	70.093.039	58.938.345

According to the Turkish Labor Law, the Company is obliged to pay a certain amount of severance pay to the personnel who have left their jobs due to retirement after the service for at least one year or whose employment is terminated due to reasons other than resignation and bad situation, The amount payable consists of one month's salary limited to a maximum of TRY 8,284.51 as of December 31, 2021 (31 December 2020 – TRY 7,117.17) for each year of service.

Actuarial calculation is required in order to calculate the Company's liabilities in accordance with Turkish Accounting Standards (TMS) 19 (Employee Benefits). The Company has reflected the provision for severance pay to the financial statements in accordance with TAS 19, using the "Projection Method" and based on the calculations made by the professional actuary, within the framework of actuarial methods and assumptions. All actuarial gains and losses incurred are reflected in equity as other comprehensive income/(expense).

AKÇANSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

AKÇANSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

The main actuarial assumptions used to calculate the liability at the balance sheet dates are as follows:

	31 December 2021	31 December 2020
Discount rate	%19,60	%12,30
Estimated salary increase rate	%15,00	%8,00

The movement of provision for severance pay as of 31 December 2021 and 2020 is presented below:

Provision for employee termination benefits	31 December 2021	31 December 2020
January 1	46.576.784	42.299.223
Affiliate exit effect	(1.658.318)	-
Severance pay paid	(5.223.599)	(5.532.251)
Actuarial gain/loss	8.227.577	3.421.486
Interest expense	5.407.429	5.247.107
Charge for the year	1.347.800	1.141.219
	54.677.673	46.576.784

The Company has reached an agreement in the Collective Bargaining Agreement negotiations between the Cement Industry Employers' Union, to which it is affiliated, and T. Çimse-İş Union, and signed the Company Collective Bargaining Agreement with an effective period of January 1, 2022 - December 31, 2023, on January 28, 2022.

The movement of severance incentive provision as of 31 December 2021 and 2020 is presented below:

Seniority incentive Premium	31 December 2021	31 December 2020
Opening	12.361.561	10.553.041
Affiliate exit effect	(537.362)	-
Paid seniority incentive premium	(1.450.658)	(1.566.347)
Faiz gideri	1.379.534	1.242.014
Charge for the year	3.662.291	2.132.853
	15.415.366	12.361.561

It is the benefit provided to the employees in line with the Company policy in return for the severance incentive and is shown in the financial statements of the Company by reducing the obligation as of the balance sheet dates to its present value with the effective discount rate.

16. Prepaid expenses, other assets and liabilities**Short-term prepaid expenses**

	31 December 2021	31 December 2020
Peşin ödenen giderler	29.085.554	43.618.013
Verilen iş avansları	-	9.302
	29.085.554	43.627.315

Long-term prepaid expenses

	31 December 2021	31 December 2020
Advances given for capital expenditures	17.573.702	3.770.942
Prepaid rent expenses	387.573	1.563.907
	17.961.275	5.334.849

17. Shareholders' equity**Capital**

	31 December 2021	31 December 2020
Number of common shares (authorized and outstanding)		
TRY 0.01 per value	19.144.706.825	19.144.706.825

As of December 31, 2021, the Company's paid-in capital is TRY 191,447,068 (December 31, 2020 - TRY 191,447,068) (based on historical costs),

As of 31 December 2021 and 31 December 2020, the Company's shareholding structure and shareholders' shares are as follows:

	31 December 2021	31 December 2020		
	Amount	%	Amount	%
Hacı Ömer Sabancı Holding A.Ş.	76.035.136	39,72	76.035.136	39,72
HeidelbergCement AG	76.035.135	39,72	76.035.135	39,72
Quoted shares	39.376.797	20,56	39.376.797	20,56
Total nominal capital	191.447.068	100,00	191.447.068	100,00

There is no additional right, privilege and restriction related with these shares.

Legal and other reserves

In accordance with the Turkish Commercial Code, legal reserves consist of first and second reserves. Until the legal reserves reach %20 of the Company's historical paid-in capital, %5 of the net profit for the period is set aside as primary legal reserves. The second legal reserve is reserved at the rate of %10 over the entire profit distribution above %5 of the Company's paid-in capital. According to the Turkish Commercial Code, legal reserves cannot be distributed unless they exceed %50 of the paid-in capital, but they can be used to cover losses at the point where profit reserves are exhausted.

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective as of February 1, 2014.

Partnerships distribute their profits within the framework of the profit distribution policies to be determined by their general assemblies and in accordance with the provisions of the relevant legislation. Within the scope of the said communiqué, a minimum distribution rate has not been determined. Companies pay dividends as determined in their articles of association or dividend policy. In addition, dividends can be paid in installments of equal or different amounts, and dividend advances can be distributed in cash over the profit included in the financial statements.

Unless the reserves required to be set aside in accordance with the TCC and the dividend determined for the shareholders in the articles of association or the profit distribution policy are reserved; It cannot be decided to allocate other reserves, to transfer profits to the next year, and to distribute dividends to shareholders, members of the board of directors, partnership employees and non-shareholders.

Equity inflation adjustment differences and registered values of extraordinary reserves, bonus issue capital increase; cash can be used for profit distribution or loss offset. However, if the equity inflation adjustment differences are used in cash profit distribution, they will be subject to corporate tax.

As of 31 December 2021 and 31 December 2020, the legal reserves, status reserves, extraordinary reserves, retained earnings (losses) and other reserves in the Company's legal records are as follows:

	31 December 2021	31 December 2020
Legal reserves	233.566.765	226.383.911
Statutory reserves	35	35
Extraordinary reserves	26.611.433	4.883.792
Accumulated profit due to inflation difference	-	7.758.970
Other reserves	66.019.002	65.489.148

In 2021, the company will provide a gross amount of TRY 0.5483 to full-fledged taxpayer corporations and non-resident corporations shareholders who receive dividends through a workplace or permanent representative in Turkey, at a rate of %54.83 and to a nominal value of TRY 1.00. The General Assembly decided to pay a net cash dividend of %54.83 to other shareholders and to pay a total of 104,970,428 TRY in gross, TRY 0.5483 in gross and TRY 0,4661 in net total for each share with a nominal value of TRY 1.00. The dividend payment of the amount of the amount has been made in cash as of March 30, 2021.

In 2020, the company will pay full taxpayer corporations and non-resident corporations partners who receive dividends through a workplace or permanent representative in Turkey, at a rate of %24.20, with a nominal value of TRY 1.00, with a gross value of TRY 0.2420. The General Assembly decided to pay a net cash dividend of %24.20 to the other shareholders and to pay a full %1.00 gross cash dividend of TRY 0.2420 and a net total of TRY 0.20570 for shares with a nominal value of TRY1.00, a total of TRY 46.330.190. The dividend payment of the amount of the amount has been made in cash as of March 26, 2020.

18. Revenue and cost of sales

Revenue

	1 January - 31 December 2021	1 January - 31 December 2020
Domestic sales	1.717.276.499	1.080.657.385
Foreign sales	1.149.362.007	887.094.499
Sales discount (-)	(7.043.499)	(8.147.211)
Other discounts (-)	(56.701.762)	(46.419.454)
	2.802.893.245	1.913.185.219
Domestic service sales (*)	68.510.540	53.922.858
Total	2.871.403.785	1.967.108.077

Cost of sales

	1 January - 31 December 2021	1 January - 31 December 2020
Direct material and supplies expenses	1.949.070.500	1.194.640.757
Direct labor expenses	120.778.461	103.921.499
Depreciation and amortization expenses	91.322.011	85.436.319
Other production expenses	188.188.588	132.188.800
Total production cost	2.349.359.560	1.516.187.375
Change in work-in-process	(40.308.800)	15.717.658
Work-in-progress at the beginning of the period	20.057.168	35.774.826
Work-in-progress at the end of the period	60.365.968	20.057.168
Change in finished goods	(30.744.102)	6.336.613
Finished goods at the beginning of the period	14.674.673	21.011.286
Finished goods at the end of the period	45.418.775	14.674.673
Cost of trade goods sold	143.822.740	75.053.464
Cost of domestic service sold	28.357.767	21.868.056
Total	2.450.487.165	1.635.163.166

(*) Domestic service sales are the service income generated by the Company from port operations.

19. Marketing and general administrative expenses

	1 January - 31 December 2021	1 January - 31 December 2020
General administrative expenses	107.622.084	92.552.123
Marketing expenses	16.792.841	17.340.831
	124.414.925	109.892.954

	1 January - 31 December 2021	1 January - 31 December 2020
General and administrative expenses		
Personnel expenses	59.250.726	51.462.017
Depreciation and amortization	14.238.987	12.019.232
Consultancy expenses	10.553.066	8.081.340
Outsourced services	8.717.448	7.283.159
Traveling expenses	1.938.782	1.324.915
Insurance expenses	1.394.061	878.322
Representation and entertainment expenses	1.121.350	1.403.062
Taxes, duties and fees	1.004.805	962.651
Employee termination benefits	270.691	232.896
Rent expenses	209.626	850.334
Other expenses	8.922.542	8.054.195
	107.622.084	92.552.123
Marketing expenses		
Personnel expenses	11.848.890	11.653.303
Depreciation and amortization expenses	1.431.236	1.335.227
Outsourced services	1.132.863	1.039.101
Sales guarantee expenses	1.038.642	1.264.279
Traveling expenses	944.295	530.286
Representation and entertainment expenses	536.532	285.855
Taxes, duties and fees	479.225	434.252
Rent expenses	209.317	360.552
Employee termination benefits	52.021	54.381
Doubtful receivable expenses (Note 7)	(2.253.892)	(1.037.044)
Other expenses	1.373.712	1.420.639
	16.792.841	17.340.831

20. Expenses by nature**Depreciation and amortization expenses**

	1 January - 31 December 2021	1 January - 31 December 2020
Property, plant and equipment		
Production costs	89.597.587	83.862.495
General administrative expenses	12.169.997	10.503.664
Marketing expenses	1.429.986	1.329.884
Other operating expenses	1.672.528	2.118.792
Total amortization expenses	104.870.098	97.814.835
Intangible assets		
Production costs	1.724.424	1.573.824
General administrative expenses	2.068.990	1.515.568
Marketing expenses	1.250	5.343
Other operating expenses	166.639	116.588
Total depreciation expenses	3.961.303	3.211.323

Personnel expenses

	1 January - 31 December 2021	1 January - 31 December 2020
Personnel expenses		
Wages and salaries	149.720.604	143.479.436
Other social expenses	41.132.385	22.703.441
Provision for employee termination benefits, net (Note 15)	1.347.800	1.141.219
	192.200.789	167.324.096

AKÇANSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

AKÇANSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

Fees for Services Obtained from an Independent Auditor/Independent Audit Firm

The Company's explanation regarding the fees for services rendered by independent audit firms, which is prepared by the KGK pursuant to the Board Decision published in the Official Gazette on March 30, 2021, and the preparation principles of which are based on the letter of the KGK dated August 19, 2021 are as follows.

	1 January - 31 December 2021	1 January - 31 December 2020
Independent audit fee for the reporting period	282.910	246.000
Fee for other assurance services	98.500	-
	381.410	246.000

Other operating income

	1 January - 31 December 2021	1 January - 31 December 2020
Operational foreign exchange gains	104.537.393	17.122.729
Rent income	7.421.790	2.758.022
Rediscount income (**)	2.954.052	-
Gain on sale of auxiliary materials	3.547.953	2.088.948
Late charges	614.247	1.015.211
Period profit income from disposed of subsidiaries (Karçimsa)	3.051.500	-
Other	6.870.249	4.442.089
	128.997.184	27.426.999

Other operating expenses (-)

	1 January - 31 December 2021	1 January - 31 December 2020
Operational foreign exchange losses	150.117.126	25.416.744
Donations	7.010.931	4.599.013
Property and estate taxes	4.493.807	4.569.218
Rediscount expenses (**)	-	6.377.949
Expense of rented terminals	1.910.204	2.417.698
Legally disallowable expenses (*)	3.445.979	2.892.367
Provision for lawsuits (Note 13)	2.164.274	3.147.003
Indemnity and penalties	1.473.970	1.257.528
Provision to make mine fields natural (Note 13)	1.107.868	680.880
Covid-19 related expenses	8.720.075	8.024.339
Other	746.599	6.434.824
	181.190.833	65.817.563

(*) Consists of administrative fines, litigation and dues

(**) Rediscount income and expense are shown as net.

22. Income from investing activities

As of December 31, 2021 and December 31, 2020, income from investing activities are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Profit on sales of subsidiaries (*)	33.558.955	-
Dividend income (**)	3.520.000	1.370.377
Gain on sales of fixed assets	2.685.610	1.761.448
	39.764.565	3.131.825

(*) All of the %51 shares of Karçimsa Çimento Sanayi ve Ticaret A.Ş., the sole subsidiary of the Company, which is reported with the full consolidation method in its financial statements, for a total of US\$ 5,000,000 (equivalent to TRY 46,512,00 at the CBRT foreign exchange selling rate at the contract signature date.) to third parties, and the sale transaction and share transfer process were completed as of 22.10.2021. The net positive effect of this transaction, which took place in the 4th quarter of 2021, was TRY 33.558.955.

(**) The details of dividend income as of 31 December 2021 and 2020 are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Arpaş	3.520.000	1.370.377
	3.520.000	1.370.377

23. Financial income and expenses

Details of financial income as of December 31, 2021 and December 31, 2020, are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Financial foreign exchange gains	103.725.942	42.181.292
Interest income	13.002.522	14.915.826
Foreign exchange gain on derivative instruments	12.482.296	-
	129.210.760	57.097.118

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

	1 January - 31 December 2021	1 January - 31 December 2020
Financial foreign exchange losses	84.770.909	23.661.134
Interest expenses	95.329.537	74.376.761
	180.100.446	98.037.895

24. Tax assets and liabilities (including deferred tax assets and liabilities)

As of December 31, 2021 and December 31, 2020, details of deferred tax assets and liabilities are as follows:

	Deferred tax assets (*)		Deferred tax liabilities (*)		Deferred tax income/ (expense)	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	1 Ocak- 31 December 2021	1 Ocak- 31 December 2020
Temporary differences on tangible and intangible assets	86.945.108	231.277	-	(29.340.129)	116.053.960	(111.540)
Goodwill	-	-	(26.016.175)	(25.991.255)	(24.920)	(24.920)
Inventories	9.450.735	8.111.516	-	-	1.339.219	2.236.724
Allowance for employee termination benefits	3.410.591	3.665.328	-	-	(254.737)	(4.965.633)
Rediscount on receivables and payables	1.449.927	808.094	(1.344.113)	(715.757)	13.477	(389.804)
Provision for recycling mine fields						
Karşılığı	819.941	908.010	-	-	(88.069)	9.672
Other temporary differences, net (including revaluation fund)	13.687.974	9.990.312	(766.941)	(3.028.951)	5.959.672	7.311.787
Derivative instruments	-	-	(2.870.928)	-	(2.870.928)	-
Financial loss	-	16.832	-	-	(16.832)	16.832
Tax income/expense related with other comprehensive income	-	-	(12.120.784)	(5.415.292)	(6.705.492)	(4.604.627)
Tax impact of disposal of subsidiaries on other comprehensive income	-	-	-	(105.438)	105.438	-
	115.764.276	23.731.369	(43.118.941)	(64.596.822)	113.510.788	(521.509)

(*) The net total of these two balances is presented in the balance sheet as deferred tax asset with the amount of TRY72,645,335 (31 December 2020 - TRY1,253,555) and deferred tax liability with the amount of TRY0 (31 December 2020 - TRY 42,119,008).

Movement table of net deferred tax liabilities is as follows;

	1 January - 31 December 2021	1 January - 31 December 2020
Balance as at January 1	40.865.453	40.343.944
Deferred tax (income)/expense stated in the income statement	(121.364.397)	(4.083.118)
Tax (income) / expense related to other comprehensive income items	6.705.492	4.604.627
Effect of divestiture of subsidiaries	1.148.117	-
31 December net balances	(72.645.335)	40.865.453

Deferred tax is calculated by using the liability method as the temporary differences between recorded values and tax bases of assets and liabilities in the financial statements. This calculation is made by using the enacted tax rates as of the date of the statement of financial position.

The corporate tax rate in Turkey is %20. However, the corporate tax rate which is %20 pursuant to the temporary article 13 added to the Corporate Tax Law; It will be applied at the rate of %25 for corporate earnings in 2021 and %23 for corporate earnings in 2022. The corporate tax rate is applied to the net corporate income to be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations, and deducting the exceptions and deductions in the tax laws. Corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the end of the relevant year and is paid until the end of the relevant month.

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period, provided that they do not exceed 5 years. Declarations and related accounting records can be examined by the tax office within five years and tax accounts can be revised.

The income tax payable as of 31 December 2021 and 31 December 2020 (assets related to current tax) is summarized follows:

	31 December 2021	31 December 2020
Current income tax liabilities	37.963.725	35.097.363
Prepaid income tax	(55.305.437)	(25.070.592)
Revaluation tax liabilities	12.964.664	-
Current income tax liabilities, (assets related to current period tax liability)	(4.377.048)	10.026.771

The reconciliation between the tax expense found by applying the pre-tax legal tax rate and the tax expense shown in the total income statement including deferred tax expense:

	1 January- 31 December 2021	1 January- 31 December 2020
Profit before tax and non-controlling interests	233.182.925	145.852.441
At the effective statutory income tax rate of %25 (2020:%22)	(58.295.731)	(32.087.537)
Income not subject to tax	15.791.397	5.422.941
Expenses that are not deductible	(7.076.068)	(2.680.868)
Tax losses	-	16.832
Investment incentive effect	3.275.108	-
Effect of Karçimsa sales profit (Statutory-IFRS) difference	(2.162.958)	-
Revaluation total tax effect(*)	120.440.100	-
Other	(1.535.840)	(1.685.613)
	70.436.008	(31.014.245)

The Company has revalued its immovables and their depreciation as of 31 December 2021 within the scope of the Tax Procedure Law General Communiqué (Sequence No: 530) published by the Ministry of Treasury and Finance. It continues to be accounted for using the cost method in TFRS financial statements. It has calculated the deferred tax asset/liability, which is currently calculated over the temporary difference between the TFRS financial statements, over the current TPL values that will occur with the effect of revaluation, and the deferred tax income that will arise due to this application, to the extent that the recoverability of the said tax advantage is considered possible, in one go. accounted for in the table. As of 31 December 2021, the effect of deferred tax assets is TRY 121,482,550. The total tax effect is TRY 120,440,100.

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on January 20, 2022, Law No. It has been enacted with the number 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met. In line with the Law No. 7352, inflation adjustment will be applied to the financial statements dated 31 December 2023, and the profit/loss difference arising from the inflation adjustment will be shown in the previous years' profit/loss account and will not be taxed.

25. Earnings per share

Profit/loss per share is calculated by dividing the net profit for the period by the weighted average of the number of shares outstanding as of the end of the year. As of 31 December 2021 and 31 December 2020, the weighted average number of shares is 19,144,706,825.

There are no ordinary shares issued or to be issued as of the date of preparation of the financial statements and prior to the completion of these Financial statements.

Earnings per share and dividends per share distributed as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Net profit for the year	303.618.933	115.043.393
Weighted average number of ordinary shares issued (kr 1 each)	19.144.706.825	19.144.706.825
Earnings per share (kr) (*)	1,586	0,601
Dividend distributed to shareholders	104.970.428	46.330.190
Gross dividends per share (kr) (*)	0,548	0,242

(*) Since all shareholders of the Company have the same equal rights and there are no privileged shares, the basic and diluted earnings per share and dividends distributed per share do not differ.

26. Related party disclosures

The definition of a company as a related company is determined by the fact that one of the companies has control over the other or has a significant influence on the financial and administrative decisions of the related company. The company, Hacı Ömer Sabancı Holding A.Ş. (%39.72) (31 December 2020 -

%39.72) and Heidelbergcement Group (%39.72) (31 December 2020 - %39.72). For the financial statements, shareholder companies and financial assets and their affiliates and subsidiaries and balances of other Sabancı and Heidelbergcement Group companies are shown as separate items and these companies and the Company's senior managers are named as related companies.

The balances of related parties as of December 31, 2021 and December 31, 2020 and the total amount of transactions made with these institutions as of December 31, 2021 and 2020 are as follows

Sales to related parties

	1 January - 31 December 2021			1 January - 31 December 2020		
Related Parties	Product	Service	Other (*)	Product	Service	Other
Shareholders						
Hacı Ömer Sabancı Holding A.Ş.	-	-	-	-	-	-
Heidelberg Cement A.G.	-	-	2.528.606	-	-	686.741
Financial assets						
Çimsa Çimento Sanayi ve Ticaret A.Ş. (Çimsa)	39.472.514	-	49.921	-	-	114.998
Other(*)						
HC Trading Malta Ltd.	1.081.986.483	-	690.861	888.029.621	-	26.522
Carrefoursa Sabancı Ticaret Merkezi A.Ş.	-	-	-	-	-	-
Enerjisa Enerji A.Ş.	-	-	-	-	-	-
Enerjisa Üretim Santralleri A.Ş.	-	-	-	-	-	-
Enerjisa Elektrik Perakende Satış A.Ş.	-	-	20.828	-	-	-
Sabancı Dijital Teknoloji Hizmetleri Tic. A.Ş.	-	-	249.289	-	-	15.356
HC Trading GMBH	18.435.936	-	18.085	-	-	-

(*) Associated entities of shareholders.

Purchases from related parties

	1 January - 31 December 2021			1 January - 31 December 2020		
Related Parties	Product	Service	Other (*)	Product	Service	Other (*)
Shareholders						
Hacı Ömer Sabancı Holding A.Ş.	-	-	2.435.957	-	-	1.584.035
HeidelbergCement A.G.	-	-	9.703	-	-	31.401
Financial assets						
Çimsa	6.188.170	-	-	5.358.558	-	154.586
Liman İşletmeleri ve Nakliyecilik A.Ş. (Liman İşletmeleri)	-	1.016.992	334.023	-	1.263.123	323.095
Eterpark End. Ürün. İmal.Tic.lth. İhr.Paz.A.Ş.(Eterpark)	-	-	3.340.147	-	-	1.715.543
Altaş Ambarlı Liman Tesisleri Tic. A.Ş. (Altaş)	-	-	1.822.133	-	-	2.464.083
Arpaş Ambarlı Römorkaj Pilotaj Tic A.Ş (Arpaş)	-	-	-	-	-	-
Other(**)						
Aksigorta Sigortacılık A.Ş.	-	-	9.258.558	-	-	8.061.267
Brisa Bridgestone Lastik Sanayi ve Ticaret A.Ş.	-	-	1.280.176	-	-	619.851
Bimsa Uluslararası İş Bilgi ve Yönetim Sistemleri A.Ş.	-	2.730.304	10.748.405	-	-	6.918.458
Kardemir Demir Çelik San. Ve Tic. A.Ş.	-	-	-	3.474.801	-	15.631
Agesa A.Ş.	-	-	337.497	-	-	307.864
Teknosa İç ve Dış Tic. A.Ş.	-	-	465.043	-	-	289.272
Carrefoursa	-	-	3.831.706	-	-	1.619.338
HC Trading Malta Limited (****)	-	-	295.928.854	-	-	19.199.909
Enerjisa Üretim Santralleri A.Ş.(***)	-	-	398.091.255	-	-	242.615.314
Enerjisa Enerji A.Ş.	-	-	36.440	-	-	6.746.296
HC Technology Center	-	-	-	-	1.550.823	-
Kordsa	-	-	6.116.377	-	-	564.765
Vista Turizm ve Seyahat A.Ş.	-	-	717.224	-	-	473.885
Temsa İş Makinaları İmalat Pazarlama ve Satış A.Ş.	-	-	2.445.015	-	-	125.862

(*) The majority of the assets consist of the purchase or sale of tangible assets, the due date difference and the foreign exchange difference.

(**) Related companies of the Company's shareholders.

(***) The company covers its electricity expenses, which constitute a significant part of its production costs, from this company.

(****) Consists of company import transactions.

AKÇANSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

AKÇANSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

As of December 31, 2021, TRY 4,281,267 (December 31, 2020: TRY 3,938,685) of the receivables from the Direct Debit System (DBS) included in trade receivables belongs to Akbank T.A.Ş.

	31 December 2021	31 December 2020
Deposit at banks		
Akbank T.A.Ş.	110.939.701	143.074.650

Financial liabilities		
Akbank T.A.Ş.	88.605.948	105.239.338

	1 January - 31 December 2021	1 January - 31 December 2020
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Financial expenses to related parties

Akbank T.A.Ş.	15.492.758	13.925.319
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Interest income from related parties

Akbank T.A.Ş.	6.953.040	4.654.016
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Donations

Sabancı Üniversitesi	121.203	103.193
Vaksa Hacı Ömer Sabancı Vakfı	4.285.365	2.660.000

4.406.568	2.763.193
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Executive members' remuneration total;

	1 January - 31 December 2021	1 January - 31 December 2020
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Short-term benefits provided to management	9.610.226	8.147.096
Post-employment benefits	56.660	128.735
Other long-term benefits	217.369	315.423

Total benefits	9.884.255	8.591.254
Employer's social security premium portion	436.525	382.406

	Due from related parties		Due to related parties	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Shareholders				
Hacı Ömer Sabancı Holding A.Ş.	-	-	1.567.963	904.274
Heidelberg Cement A.G.	152.522	167.768	-	-
Toplam (*)	152.522	167.768	1.567.963	904.274
Total (*)				
Çimsa	3.490.948	-	72.916	658.017
Liman İşletmeleri	-	-	401.953	249.197
Eterpark	-	-	-	13.311
Altaş	-	-	343.271	338.408
Total (*)	3.490.948	-	818.140	1.258.933
Other(***)				
Aksigorta Sigortacılık A.Ş.	4.888	11.223	-	-
Brisa Bridgestone Lastik Sanayi ve Ticaret A.Ş.	-	-	983.521	459.247
Teknosa A.Ş.	-	-	47.093	14.545
Bimsa Uluslararası İş Bilgi ve Yönetim Sistemleri A.Ş.	-	-	12.702.678	6.168.043
Agesa A.Ş.	-	-	21.654	14.572
Enerjisa Enerji A.Ş.	-	-	9.057	1.083.041
Enerjisa Üretim Santralleri A.Ş.	-	-	125.004.280	82.920.424
HC Trading Malta Ltd.	29.743.437	20.662.139	132.289.740	175.015
HC Trading GMBH	18.085	-	-	-
Kardemir Demir Çelik San. Ve Tic. A.Ş.	-	185.458	-	437.588
Çukurova Dış Ticaret A.Ş.	5.442	5.442	-	-
Vista Turizm ve Seyahat A.Ş.	-	9.842	137.459	-
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş.	-	-	2.850	46.569
Temsa İş Makinaları İmalat Pazarlama ve Satış A.Ş.	-	-	184.011	29.104
HC TechnologyCenter	-	-	2.261.074	693.608
Kordsa	-	-	974.460	-
Akbank	20.000	171.933	-	-
Total	29.791.852	21.046.037	274.617.877	92.041.756
Personnel (**)	873.594	387.254	2.020.016	1.122.674
Total	34.308.916	21.601.059	279.023.996	95.327.637

(*) Presented in "Current trade receivables/payables" accounts (Note 7).

(**) Presented in "Other receivables/payables" accounts.

(***) Related parties of Company shareholders

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

Financial risk management objectives and policies

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

The risks arising from the instruments used are foreign currency risk, interest risk, credit risk and liquidity risk. Company management manages these risks as stated below. The company also monitors the market risk that may arise from the use of financial instruments.

Foreign currency risk

The Company has a foreign currency risk arising from its transactions. These risks arise from the Company's purchases and sales of goods in currencies other than the valuation currency.

The Company's net foreign currency debt as of 31 December 2021, including derivative receivables, is TRY 37,455,207 and as of 31 December 2020, its net foreign currency receivable is TRY 22,716,689.

Foreign currency position of the Company is as follows:

	Table of foreign currency position					
	Current Period 31 December 2021					
	TRY equivalent (functional currency)	USD	EUR	GBP	AUD	CHF
1. Trade receivables	34.323.591	2.533.878	36.425	-	-	-
2a, Monetary financial assets (including cash and bank ac- counts)	246.420.307	18.229.232	228.206	-	-	-
Total currency assets (1+2a)	280.743.898	20.763.110	264.631	-	-	-
3. Trade payables	(451.489.105)	(30.592.663)	(2.840.566)	(1.934)	-	(1.250)
4. Financial liabilities	-	-	-	-	-	-
Total foreign currency liabilities	(451.489.105)	(30.592.663)	(2.840.566)	(1.934)	-	(1.250)
Net foreign currency position	(170.745.207)	(9.829.554)	(2.575.935)	(1.934)	-	(1.250)
Total fair value of financial instruments used for currency hedge	133.290.000	10.000.000	-	-	-	--
Exports (*)	1.149.362.007	125.944.884	-	-	-	-
Imports(*)	520.608.028	42.407.375	11.732.476	14.596	65.383	48.600

	Table of foreign currency position					
	Current Period 31 December 2020					
	TRY equivalent (functional currency)	USD	EUR	GBP	AUD	CHF
1. Trade receivables	24.095.487	2.851.468	351.279	-	-	-
2a, Monetary financial assets (including cash and bank accounts)	70.316.987	9.148.953	350.703	-	-	-
Total currency assets (1+2a)	94.412.474	12.000.421	701.982	-	-	-
3. Trade payables	(71.695.785)	(6.374.216)	(2.764.890)	-	-	-
4. Financial liabilities	-	-	-	-	-	-
Total foreign currency liabilities	(71.695.785)	(6.374.216)	(2.764.890)	-	-	-
Net foreign currency position	22.716.689	5.626.205	(2.062.908)	-	-	-
Exports (*)	887.094.499	124.268.597	-	-	-	-
Imports(*)	141.056.150	16.974.043	3.675.449	5.922	-	-

(*) Import and export figures cover January-December 2021 and January-December 2020

The following table shows the effect of a %20 depreciation of TRY in the pre-tax profit level:

Foreign currency sensitivity analysis

	31 December 2021	
	Profit/ loss	Profit/ loss
	Appreciation of foreign currency	Depreciation of foreign currency
If the US Dollar changes by %20 against TRY:		
1- USD denominated net asset/ liability	(26.250.806)	26.250.806
2- USD denominated hedging instruments (-)	-	-
3- Net effect in USD (1+2)	(26.250.806)	26.250.806
If the Euro changes %20 against TRY:		
4- EUR denominated net asset/ liability	(7.786.484)	7.786.484
5- EUR denominated hedging instruments (-)	-	-
6- Net effect in EUR (4+5)	(7.786.484)	7.786.484
Average %20 change in other exchange rates against TRY:		
7- Other foreign currency denominated net assets, liabilities	(6.986)	6.986
8- Other foreign currency hedging instruments (-)	-	-
9- Net effect in other foreign currency (7+8)	(6.986)	6.986
Total (3+6+9)	(33.997.094)	33.997.094

	31 December 2020	
	Profit/ loss	Profit/ loss
	Appreciation of foreign currency	Depreciation of foreign currency
If the US Dollar changes by %20 against TRY:		
1- USD denominated net asset/ liability	8.259.832	(8.259.832)
2- USD denominated hedging instruments (-)	-	-
3- Net effect in USD (1+2)	8.259.832	(8.259.832)
If the Euro changes %20 against TRY:		
4- EUR denominated net asset/ liability	(3.716.494)	3.716.494
5- EUR denominated hedging instruments (-)	-	-
6- Net effect in EUR (4+5)	(3.716.494)	3.716.494
Average %20 change in other exchange rates against TRY:		
7- Other foreign currency denominated net assets, liabilities	-	-
8- Other foreign currency hedging instruments (-)	-	-
9- Net effect in other foreign currency (7+8)	-	-
Total (3+6+9)	4.543.338	(4.543.338)

The change in the exchange rate has no effect on the Company’s equity items.

Price risk

Price risk is a combination of foreign currency, interest and market risk and is naturally managed by the Company through hedging, by meeting the debts and receivables in the same currency, and interest bearing assets and liabilities. Market risk is closely monitored by the Company through the analysis of market information and appropriate valuation methods.

The Company does not have any variable interest rate financial instruments. Current loans are fixed interest rate.

Credit risk

Credit risk is the risk that the other party will incur financial loss as a result of the failure of one of the parties in a mutual relationship to fulfill its obligations regarding a financial instrument. The Company tries to manage its credit risk by limiting transactions with certain parties and by constantly evaluating the reliability of the parties with which it is in contact. The Company's total credit risk is shown in the balance sheet.

Credit risk concentration is related to the fact that certain companies operate in similar business areas, are located in the same geographical region, or that the changes that may occur in economic, political and other conditions affect the contractual obligations of these companies within the framework of similar economic conditions. Concentration of credit risk indicates the sensitivity of the Company's performance to developments affecting a particular sector or geographic region.

The Company tries to manage its credit risk by spreading its sales activities over a wide area, avoiding unwanted concentration on individuals or companies in a certain sector or region. The company also obtains collateral from its customers when it deems necessary.

	Receivables				Deposit at banks
	Trade receivables		Other Receivables		
	Related party	Other party	Related party	Other party	
31 December 2021					
Maximum credit risk exposures as of report date (A+B+C+D) (1)	33.435.322	529.153.210	873.594	153.441.989	242.895.382
- Guaranteed portion of credit risk by guarantees, etc,	-	357.530.706	873.594	-	-
A. Net book value of financial assets which are not overdue or not impaired (2)	33.435.322	519.936.165	873.594	153.441.989	242.895.382
B. Net book value of financial assets that conditions are reassessed and become not overdue or impaired (3)	-	4.414.768	-	-	-
C. Net book value of assets which are overdue but not	-	4.802.277	-	-	-
- Under guarantee	-	2.000.684	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Overdue (gross book value)	-	17.419.586	-	-	-
- Impairment (-)	-	(17.419.586)	-	-	-

Prior period	Receivables				Deposit at banks
	Trade receivables		Other Receivables		
	Related party	Other party	Related party	Other party	
Maximum credit risk exposures as of report date (A+B+C+D+E) (1)	21.213.805	421.070.894	387.254	56.597.542	313.900.931
Guaranteed portion of credit risk by guarantees, etc,	-	268.427.029	387.254	-	-
A. Net book value of financial assets which are not overdue or not impaired (2)	21.213.805	414.489.672	387.254	56.597.542	313.900.931
B. Net book value of financial assets that conditions are reassessed and become not overdue or impaired (3)	-	755.931	-	-	-
C. Net book value of assets which are overdue but not impaired assets	-	5.825.291	-	-	-
- Under guarantee	-	4.275.826	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Overdue (gross book value)	-	20.026.918	-	-	-
- Impairment (-)	-	(20.026.918)	-	-	-

- (1) When determining the amount, guaranties received and factors increasing the reliability of the loan are not considered.
- (2) Guarantees consist of letters of guarantee, guarantee cheques and mortgages taken from customers.
- (3) There has been no collection issues related to these customers in the past.

Liquidity risk

Liquidity risk is the risk of not meeting the net funding requirement. Liquidity risk is reduced by balancing cash inflows and outflows with the support of credit limits given by reliable credit institutions.

In the liquidity table, the breakdown of non-derivative financial liabilities according to their maturities is shown by considering the period from the balance sheet date to the maturity date under the written contracts and taking into account the contractual undiscounted cash flows.

31 December 2021

Maturities per agreement	Carrying value	Total cash outflows pursuant to the contract (=I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	Over 5 years (IV)
Non-derivative financial liabilities	1.806.169.185	1.986.573.028	1.268.172.887	485.646.815	37.098.997	195.654.329
Bank loans	687.226.073	687.720.438	241.447.937	446.272.501	-	-
Financial lease liabilities	103.166.651	277.232.159	5.104.519	39.374.314	37.098.997	195.654.329
Trade payables	1.015.776.461	1.021.620.431	1.021.620.431	-	-	-

Maturities per agreement	Carrying value	Total cash outflows pursuant to the contract (=I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	Over 5 years (IV)
Derivative financial liabilities	12.482.296	12.482.296	12.482.296	-	-	-
Derivative debts	12.482.296	12.482.296	12.482.296	-	-	-

31 December 2020

Maturities per agreement	Carrying value	Contractual undiscounted payment (=I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	Over 5 years (IV)
Non-derivative financial liabilities	1.051.388.437	1.218.349.208	453.463.946	334.689.808	266.721.218	163.474.236
Bank loans	516.308.583	516.590.338	-	316.590.338	200.000.000	-
Financial lease liabilities	91.174.758	254.328.081	6.033.157	18.099.470	66.721.218	163.474.236
Trade payables	443.905.096	447.430.789	447.430.789	-	-	-
Maturities per agreement	Carrying value	Contractual undiscounted payment (=I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	Over 5 years (IV)
Derivative financial liabilities	-	-	-	-	-	-
Derivative debts	-	-	-	-	-	-

Capital management

The Company's objectives when managing capital are to create returns for its shareholders and value for other stakeholders. In addition, the Company aims to maintain its capital structure, which will ensure that the cost of capital is at the lowest level.

In capital management, the company monitors the debt-to-equity ratio in parallel with other companies in the sector. This ratio is found by dividing net debt by total capital.

	31 December 2021	31 December 2020
Total liabilities	1.960.606.954	1.224.803.854
Minus: Cash and cash equivalents (Note 4)	264.962.767	318.373.248
Net debt	1.695.644.187	906.430.606
Total shareholder's equity	1.542.590.001	1.207.052.257
Total assets	191.447.068	191.447.068
Debt to equity ratio	1,10	0,75

28. Financial instruments (fair value disclosures and disclosures under hedge accounting)

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

It is assumed that the amortized cost and cost value and the fair values of the financial assets and liabilities carried in the balance sheet are close to their carrying values due to the following reasons.

Monetary assets

It is accepted that the fair values of the balances in foreign currency translated with the period-end rates approximate their book values. It is accepted that the fair values of some financial assets shown at cost, including cash and receivables from banks, approximate their book values due to their short-term nature and negligible loss of receivables. The fair values of securities investments have been estimated based on the market prices at the date of the statement of financial position. Trade receivables are valued at their amortized cost using the effective interest method and it is accepted that their carrying values, together with the related doubtful receivables provisions, approximate their fair values.

Fair values of financial liabilities carried at cost or amortized cost in the balance sheet:

Due to the short-term nature of trade payables and other monetary liabilities, their fair values are considered to be close to their carrying values. Bank loans are expressed at discounted cost and transaction costs are added to the initial cost of the loans. Since the interest rates of long-term floating rate bank loans are updated by taking into account the changing market conditions, it is considered that the fair values of these loans represent the value they carry. When the long-term fixed interest bank loans are valued with the fixed interest rate valid as of the balance sheet date, it is seen that the fair value is close to the carrying value. Since the maturities of short-term loans are short, it is assumed that their carrying values reflect their fair values.

Fair value hierarchy table

The Company classifies its financial instruments, which are reflected with their fair values in its financial statements, according to the source of the valuation inputs of each financial instrument class, using a three-level hierarchy as follows.

- Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)
- Level 2: Other valuation techniques includes direct or indirect observable inputs
- Level 3: Valuation techniques does not contains observable market inputs

As of December 31, 2021 and December 31, 2020, the Group's assets at fair value and its levels are as follows:

31 December 2021	Level1 (*)	Level 2	Level 3
a) Assets indicated by fair value			
Financial assets			
Çimsa	373.621.248	-	-
Arpaş	-	-	40.430.178
Liman İşletmeleri	-	-	13.218.698
Altaş	-	-	1.037.141
Eterpark	-	-	1.549.260
Ambarlı Kılavuzluk	-	-	800.000
Total Assets	373.621.248	-	57.035.277
Liabilities shown at fair value			
Derivative instruments	12.482.296	-	-
Total Liabilities	12.482.296	-	-

31 December 2020	Level 1 (*)	Level 2	Level 3
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b) Assets indicated by fair value			
Financial assets			
Çimsa	215.923.968	-	-
Arpaş	-	-	33.627.428
Liman İşletmeleri	-	-	13.218.698
Altaş	-	-	625.779
Ambarlı	-	-	1.549.260
Eterpark	-	-	800.000
Total Assets	215.923.968	-	49.821.165
Liabilities shown at fair value			
Derivative instruments	-	-	-
Total Liabilities	-	-	-

(*) It is valued at the market prices as of the balance sheet date in the stock market.

In determining the fair value of Arpas, Eterpark, Altaş and Liman İşletmeleri, discounted cash flow ("DNA") has been applied.

The DCF method estimates the value of a business's equity by subtracting the market value of the debts used to finance its operations from the estimated total value of the business.

The total value of the entity consists of the following basic elements:

The sum of the present value of cash flows from the Company's activities for the estimated period and the value of other non-essential assets and securities.

An estimated "continuing value" that expresses the present value of business attributable to operations after the estimated period.

The cash flow from operations is equal to the difference between the cash inflows related to the operations and the cash outflows allocated for the cash taxes payable. Cash outflows should also include the working capital and fixed asset investments necessary to support company strategies. Net cash flow after tax refers to cash available to pay off debt and dividends to shareholders (or to reinvest in the business's operations in the future).

The ongoing value is calculated as follows

Future cash flows can be considered as a constant growing income (cash flows that continue to increase at the same rate every year forever). The value of such a permanent income (ie the value of the business at the end of the projected period) is calculated by dividing the annual cash flow expected to last indefinitely by the weighted average cost of capital. The continuing value calculated in this way is discounted to the present value using the normal method.

Discount Rate: The discount rate expresses the expected return on investment in a particular business or project. This ratio is applied to the future cash flows of a business or project, taking

into account the risk premium expected by investors in addition to the normal return expected from a risk-free investment. The discount rate used in the INA calculations is based on the weighted average cost of capital ("AOSM"). The weighted average cost of capital is the combined rate of return on equity that shareholders expect to achieve and the return on lenders to the company, which is the typical cost of borrowing.

Beta: The beta multiplier indicates the sensitivity of any company's additional returns (returns above risk-free returns) to total additional returns (investment index over Rf) above some market return. Therefore, it is one of the criteria of market risk (systematic risk), which is one of the two components of risk according to capital market theory. Beta multipliers above one indicate higher volatility than the market average. In our study, the beta of the group composed of peer companies was used to calculate the discount rate.

Country Risk Premium: Compared to the developed markets, underdeveloped or developing countries include additional risks that investors should take. Measuring these risks constitutes the risk premium of that country. The most common method used to determine this premium is the calculation of the difference between the government bonds of the country concerned and the government bonds of a developed country.

According to the Adjusted Net Asset Value Method, a company's share value is valued with an asset-based technique that adjusts the book value of the company for unrealized value changes in the company's assets and liabilities.

29. Subsequent events

None.

AKÇANSA ÇİMENTO SANAYİ VE TİCARET A.Ş. PROFIT DISTRIBUTION PROPOSAL

AKÇANSA ÇİMENTO SANAYİ VE TİCARET A.Ş.DIVIDEND DISTRIBUTION STATEMENT FOR 2021 (TL)			
1. Paid in Capital/Issued Capital		191.447.068,25	
2. Total Legal Reserves (According to Statutory Income Statements)		233.566.764,66	
Information on privileges in profit distribution if any in the Articles of Association		Yoktur	
		CMB Result	Local Tax Result
3. Current period profit		233.182.925,00	201.121.940,80
4. Taxes payable (-)		-70.436.008,00	37.963.725,46
5. Net profit (=)		303.618.933,00	163.158.215,34
6. Previous years losses (-)		0,00	0,00
7. 1st Legal reserves (-)		0,00	0,00
8 NET DISTRIBUTABLE NET PROFIT FOR THE PERIOD (=)		303.618.933,00	163.158.215,34
9 Donations made during the year (+)		7.010.931,10	
10 Net Distributable Profit added donations for the calculations of 1st Reserves		310.629.864,10	
11 First dividend to Shareholders			
Cash		9.572.353,41	
Bonus			
Total		9.572.353,41	
12 Dividend to privileged shareholders			
13 Dividend to the Board members and Employees			
BoD			
Employees			
Non Shareholders			
14 Dividend to redeemed shareholders			
15 Secondary dividends to shareholders		82.322.239,35	
16 Secondary legal reserves		8.232.223,93	
17 Statutory reserves			
18 Special reserves		28.316.475,88	28.316.475,88
19 EXTRAORDINARY RESERVES		175.175.640,43	34.714.922,77
20 Other Distributable Reserves		0,00	0,00
- Previous Year Profit		0,00	
- Extraordinary reserves		0,00	0,00
- Other distributable reserves as per the law and the Articles of Association		0,00	0,00

TABLE OF DIVIDEND RATIOS					
	TOTAL DISTRIBUTED DIVIDEND		TOTAL DISTRIBUTED DIVIDEND / NET DISTRIBUTABLE PROFIT FOR THE PERIOD	DIVIDEND CORRESPONDING TO SHARE AMOUNTING TO 1 TL NOMINAL VALUE	
	CASH (TL)	NON CASH (TL)	RATE (%)	AMOUNT (TL)	RATIO (%)
GROSS	91.894.592,76	-	30,2664	0,4800	48,0000
NET*	82.705.133,48	-	27,2398	0,4320	43,2000

* Net dividend calculation is made by %10 withholding assumption.

According to our financial statements related to the term January 01, 2021 – December 31, 2021; prepared in accordance with the Series II no:14.1 “Communiqué on the Principles of Financial Reporting in Capital Market” of the Capital Markets Board and audited by PwC Bağımsız Denetim Ve Serbest Muhasebeci Mali Müşavirlik A.Ş.; net profit for the period of **303.618.833 TL** has been generated.

In accordance with the Article 33 of the Articles of Association and communiqués of Capital Markets Board, 303.618.833 TL profit calculated for the period of 2021 according to the Capital Markets Board legislation will be distributed according to the below stated table.

First share of profit	9.572.353,41 TL
Second share of profit	82.322.239,35 TL
Total gross profit share	91.894.592,76 TL
General legal reserve fund (second edition)	8.232.223,93 TL
Special Reserve	28.316.475,88 TL
Excess Reserve Fund	175.175.640,43 TL

Upon the profit distribution to be made according to the above principles, taking into consideration our legal records, prepared according to the Tax Procedure Law, The Board has unanimously decided to;

- Afford the gross share profit of **91.894.592,76 TL** to be distributed to shareholders from net distributable period profit,
- Spare the **28.316.475,88 TL** profit share from participation and immovable property sales income fund related to year 2021 as special reserve to benefit from the corporation tax exempt, stated at Article 5/1 (e) of the Corporation Tax Law, spare 34.714.922,77 TL as excess reserve fund; of the net distributable profit in our legal records,

Thus, the Board has unanimously decided to submit to the approval of the Ordinary General Assembly to be held on April 29, 2022 that total **91.894.592,76 TL** Profit share for 2021 shall be distributed in cash as of May 9, 2022 to the shareholders representing the capital of **191.447.068,25 TL** according to their legal status on the proportion of **%48,00** (Gross), **%43,20** (Net).

We would like to submit to the approval of the General Assembly.

Best regards,
Board of Directors

Organizations outside the head office

General Directorate : Barbaros Mahallesi Kardelen Sk. No:2 D.124-125 Palladium Tower Ataşehir/İstanbul
Switchboard : 0 (216) 571 30 00
Fax : 0 (216) 571 31 11

The addresses of our workplaces other than our head office are as follows.

SALES OFFICES	ADDRESS
1 DERİNCE SALES OFFICE	Liman Mah. D-100 Karayolu Altı Sapiport Limanı 8 No.lu Rıhtım, Derince/Kocaeli
2 SAMSUN SALES OFFICE	Güzelyalı Mah. 3003 Sok. No:2 Çamkoru Sitesi Atakum/SAMSUN
3 ÇANAKKALE SALES OFFICE	İnönü Caddesi ÇTSO İş Merkezi No:141 Daire 14-15 Çanakkale
4 IŞIKKENT SALES OFFICE	Egemenlik Mahallesi Işın Caddesi No:3 Bornova/İZMİR

PLANTS	ADDRESS
1 ÇANAKKALE PLANT	Mahmudiye Beldesi 17640 Ezine / ÇANAKKALE
2 BÜYÜKÇEKMECE PLANT	Mimar Sinan Merkez Mahallesi İçel Caddesi İdari Bina Sitesi No : 13-1/1 Büyükçekmece/İSTANBUL
3 SAMSUN LADİK PLANT	İskaniye mah.Akpınar Mevkii Ladik / SAMSUN

TERMINALS	ADDRESS
1 KARAMÜRSEL/YALOVA TERMINAL	Balcı Mevkii SCA Fabrikası içi Kaytazdere-Altınova / YALOVA
2 ALİAĞA TERMINAL	Nemrut Körfezi Ege Çelik Limanı Aliağa/İzmir
3 AMBARLI TERMINAL	Marmara Mah. Liman Cad. No:45 Beylikdüzü/İstanbul
4 MARMARA EREĞLİSİ TERMINAL	Bahçelievler Mahallesi Limanyolu Caddesi 19/A Marmara Ereğlisi/Tekirdağ
5 TRABZON TERMINAL	Trabzon Liman Sahası Çömlekçi Mah. Rıhtım Sok.No:31 Ortahisar/Trabzon

AGGREGATE PLANTS & QUARRIES	ADDRESS
1 AYAZAĞA AGGREGATE PLANT	Cendere Yolu Önerler Petrol Karşısı Kemerburgaz-Eyüp / İSTANBUL
2 SARAY AGGREGATE PLANT	Kavacık köyü Mevkii Saray / TEKİRDAĞ
3 DANAMANDIRA AGGREGATE PLANT	Danamandıra Köyü Silivri/İSTANBUL
4 SAMSUN AGGREGATE PLANT	Çamlıyazı Köyü Kocadağ Mevkii No:110 Atakent/Atakum/SAMSUN
5 ÇANAKKALE BİGA PLANT	B.Çaydere Mevkii Selvi Köyü Biga Çanakkale
6 MURATBEY PLANT	Ferhatpaşa Mah. Esentepe Çıkmaızı Sk. No:6 Çatalca İstanbul

READY-MIX CONCRETE PLANTS	ADDRESS
1 ALİAĞA RMC PLANT	18.cd. No:4 Horozgediği Aliağa / İZMİR
2 KEŞAN RMC PLANT	Yeni Muhacır Beldesi Cumhuriyet Mah. İstanbul Yolu Cad. No:33 Keşan/EDİRNE
3 MENEMEN RMC PLANT	Kazımpaşa Mah. 1212 Sok. No:24 Menemen/İZMİR
4 YENİBOSNA RMC PLANT	Yenibosna Merkez Mah. Cemal Ulusoy Cad. No:43/2 Bahçelievler/İstanbul
5 TEKİRDAĞ RMC PLANT	Kayı Mah. Muratlı Cad. No:321 Süleymanpaşa Tekirdağ
6 SİLİVRİ RMC PLANT	Alipaşa Mahallesi Fatih Sultan Mehmet Caddesi No:28 Silivri/İstanbul
7 MERZİFON RMC PLANT	İstanbul Yolu 1.km Alıcık yolu üzeri (26.27.H Pafta-291 Ada-5 nolu Parsel) Merzifon / AMASYA
8 SAMSUN 2 RMC PLANT	Sanayi mahallesi İşcan Caddesi No:2 TEKKEKÖY- SAMSUN
9 TOKAT RMC PLANT	Gökçe Köyü Tombulkaya Mevkii Tokat-Sivas Karayolu 10. km. TOKAT
10 ÇERKEZKÖY RMC PLANT	Beylikçayır Mevkii Veliköy Mahallesi Dere Caddesi No:2/B Çerkezköy / TEKİRDAĞ
11 KEMERBURGAZ RMC PLANT	Mimar Sinan Mah.Cendere Yolu No:29 Eyüp/İstanbul
12 BORNOVA RMC PLANT	Ankara Yolu Üzeri No:194 Bornova / İZMİR
13 BÜYÜKÇEKMECE RMC PLANT	Mimar Sinan Mah. Sultan Murat Caddesi No:12 Bağimsız Bölüm 1 Büyükçekmece/İstanbul
14 BÜYÜKKARIŞTIRAN RMC PLANT	Yeni Mahalle D 100 Karayolu No:25 Büyükkarıştıran Lüleburgaz/Kırklareli
15 EDREMIT RMC PLANT	Yolören mahallesi 930. Sokak No:4/1 Edremit/Balıkesir
16 BAŞKÖY RMC PLANT	Başköy Mahallesi 493 İsimsiz Sk. No.10 Nilüfer/Bursa
17 NİLÜFER RMC PLANT	Kayapa Mahallesi Bursa Yolu Caddesi No:24/1 Nilüfer Bursa
18 SAMSUN III RMC PLANT	Derecik Mahallesi Ovalar Caddesi 204 Sokak No: 2 İlkadım/SAMSUN
19 GEBZE II RMC PLANT	Tavşanlı Mahallesi 4510 sokak No:37/2 Gebze/Kocaeli
20 GELİBOLU RMC PLANT	Sütlüce Mücavir Mahallesi 13052 Sokak No:2 Gelibolu/Çanakkale
21 ÇORLU RMC PLANT	Cumhuriyet Mahallesi Ali Osman Çelebi Bulvarı No:135/A Çorlu Tekirdağ
22 TUZLA RMC PLANT	Postane Mahallesi Rauf Orbay Caddesi No:107 Tuzla /İstanbul
23 BANDIRMA RMC PLANT	Edincik Mahallesi, Küçükkoru Kümeevler No:10 Bandırma
24 ESENKENT 2 RMC PLANT	Selahaddin Eyyubi Mahallesi 1340. Sk. No: 5 Esenyurt / İstanbul
25 YALOVA RMC PLANT	Taşköprü Beldesi Taşköprü Merkez Mahallesi AK-KİM Sk. No:1/1 Taşköprü Beldesi Çiftlikköy/Yalova
26 MANİSA MURADIYE RMC PLANT	Muradiye Mah. 37 Osb Sokak No:4 Yunusemre Manisa
27 BAŞAKŞEHİR RMC PLANT	Şahintepe Mahallesi Muratdere Caddesi No:134/1 Başakşehir İstanbul

