

**(CONVENIENCE TRANSLATION OF THE  
REPORT AND THE CONSOLIDATE FINANCIAL  
STATEMENTS ORIGINALLY ISSUED IN  
TURKISH)**

**OYAK ÇİMENTO FABRİKALARI  
ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S  
REPORT AS OF 31 DECEMBER 2021**

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

### INDEPENDENT AUDITOR'S REPORT

To the General Assembly of  
Oyak Çimento Fabrikaları A.Ş.

#### A) Report on the Audit of the Consolidated Financial Statements

##### 1) Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with Turkish Financial Reporting Standards (TFRSs).

##### 2) Basis for Opinion

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

##### 3) Emphasis of Matters

As explained in detail in Note 1, Mardin Çimento Sanayii ve Ticaret A.Ş., Bolu Çimento Sanayii A.Ş., Adana Çimento Sanayii Türk A.Ş., Aslan Çimento A.Ş. and Ünye Çimento Sanayi ve Ticaret A.Ş. were merged and continued their operations under the name of OYAK Çimento Fabrikaları A.Ş. as of 14 May 2020. Additionally, as of 31 December 2020, OYAK Beton Sanayi ve Ticaret A.Ş. one of the subsidiaries of the Company, merged within OYAK Çimento Fabrikaları A.Ş. together with all its assets and liabilities. This matter does not affect our opinion.

### 3) **Emphasis of Matters (cont'd)**

As stated in Note 6 of the accompanying consolidated financial statements, the Group has trade receivables from various customers that have declared concordat and whose legal processes are continuing. This issue does not affect our conclusion.

### 4) **Key Audit Matters**

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

<b>Key Audit Matter</b>	<b>How the matter was addressed in the audit</b>
<p><b>Revenue recognition</b></p> <p>Main operation of the Group comprises production and sale clinker, cement and concrete.</p> <p>The Group recognizes revenue according to the five-step model as described in TFRS 15 "Revenue from Contracts with Customers". Five step model comprises identification of contract, identification of performance obligations, determination and allocation of transaction price to performance obligations and recognition of revenue when these performance obligations are satisfied.</p> <p>As revenue is a measurement criterion for evaluating the results of the strategy implemented during the year and monitoring performance, and due to its unique nature, being susceptible to risks due to fraud and error, considered to be a material account balance. Determining when the related performance obligations are satisfied and recognition of revenue in the correct period has been identified as a key audit matter.</p> <p>The Group's accounting policies regarding revenue, revenue amounts, receivables and additional explanations regarding the risk levels of these receivables are presented in Note 2.5, Note 21, Note 6 and Note 32, respectively.</p>	<p>During our audit, the following audit procedures have been applied regarding the revenue recognition:</p> <p>The revenue process of the Group has been evaluated, the relevant controls within this process have been determined, and the design and implementation of these controls have been understood.</p> <p>Satisfaction of performance obligations are assessed based on the timing for transfer of control of goods to customers. Revenue amounts recognized closed to year end, are tested by selecting samples and controlling proof of shipments / deliveries from supporting documents.</p> <p>With the additional substantive procedures performed, completeness and accuracy of the revenue recognized in the consolidated financial statements have also been tested.</p> <p>In addition to the procedures mentioned above, the adequacy of the disclosures in Note 6, Note 21 and Note 32 has been evaluated within the scope of the relevant TFRSs.</p>

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

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

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

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

In an independent audit, our responsibilities as independent auditors are as follows:

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

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

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

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

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

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

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

## B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the Auditor's Report on the System and the Committee of Early Detection of risk has been submitted to the Board of Directors of the Company on 7 March 2022.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Company's set of accounts and financial statements prepared for the period 1 January-31 December 2021 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

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

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

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



Nazlı İvak, SMMM  
Partner

İstanbul, 7 March 2022

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# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

		Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
	Notes		
<b>ASSETS</b>			
<b>Current Assets</b>		<b>2.600.687.269</b>	<b>1.909.488.901</b>
Cash and Cash Equivalents	4	314.816.289	448.831.807
Financial Investments	29	161.744.987	85.754.711
Trade Receivables	6	1.245.626.388	926.136.800
<i>Trade Receivables from Related Parties</i>	5-6	129.697.429	18.472.262
<i>Trade Receivables from Third Parties</i>	6	1.115.928.959	907.664.538
Other Receivables	7	19.066.575	12.242.448
<i>Other Receivables from Related Parties</i>	5-7	14.594.486	-
<i>Other Receivables from Third Parties</i>	7	4.472.089	12.242.448
Inventories	8	769.392.993	352.430.450
Prepaid Expenses	9	67.064.289	75.737.614
Current Tax Assets	27	-	134.884
Other Current Assets	19	21.711.402	8.220.187
Assets Held for Sale	30	1.264.346	-
<b>Non-current Assets</b>		<b>2.274.946.920</b>	<b>2.063.237.639</b>
Other Receivables	7	4.980.297	2.988.820
<i>Other Receivables from Third Parties</i>		4.980.297	2.988.820
Investment Properties	10	17.694.832	29.954.268
Property, Plant and Equipment	11	2.000.700.068	1.835.124.391
Right-of-use Assets	13	24.688.677	16.791.857
Intangible Assets		75.530.078	83.063.745
<i>Goodwill</i>	12	7.062.941	7.062.941
<i>Other Intangible Assets</i>	12	68.467.137	76.000.804
Prepaid Expenses	9	37.873.147	6.851.266
Deferred Tax Assets	27	111.336.537	87.956.953
Other Non-current Assets		2.143.284	506.339
<b>TOTAL ASSETS</b>		<b>4.875.634.189</b>	<b>3.972.726.540</b>

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

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

		Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
	Notes		
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>		<b>1.386.278.336</b>	1.554.271.751
Short-term Borrowings	15	132.944.958	707.265.009
Short-term Portion of Long-term Borrowings	15	12.888.532	103.009.662
Trade Payables	6	1.014.177.159	606.589.044
<i>Trade Payables to Related Parties</i>	5-6	174.973.672	135.632.596
<i>Trade Payables to Third Parties</i>	6	839.203.487	470.956.448
Payables Related to Employee Benefits	18	16.333.514	9.335.715
Other Payables	7	21.894.351	19.972.102
<i>Other Payables to Related Parties</i>	5-7	3.685.898	3.342.306
<i>Other Payables to Third Parties</i>	7	18.208.453	16.629.796
Deferred Income	9	57.144.473	22.883.869
Derivative Instruments	31	-	4.650.543
Current Tax Liabilities	27	69.731.912	31.200.804
Short-term Provisions		61.076.491	49.358.806
<i>Short-term Provisions for Employee Benefits</i>	18	27.450.000	15.300.000
<i>Other Short-term Provisions</i>	16	33.626.491	34.058.806
Other Short-term Liabilities		86.946	6.197
<b>Non-current Liabilities</b>		<b>511.434.660</b>	136.303.584
Long-term Borrowings	15	321.197.169	19.055.021
Deferred Income	9	4.030.108	239.771
Long-term Provisions		186.207.383	117.008.792
<i>Long-term Provisions for Employee Benefits</i>	18	179.948.672	106.291.720
<i>Other Long-term Provisions</i>	16	6.258.711	10.717.072
<b>TOTAL LIABILITIES</b>		<b>1.897.712.996</b>	1.690.575.335

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



# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

		<b>Audited</b>	Audited
		<b>Current</b>	Prior
		<b>Period</b>	Period
	<b>Notes</b>	<b>31 December</b>	31 December
		<b>2021</b>	2020
<b>EQUITY</b>		<b>2.977.921.193</b>	2.282.151.205
<b>Equity Attributable to Parent</b>		<b>2.977.921.193</b>	2.282.151.205
Paid-in Capital	20	<b>1.159.793.441</b>	1.159.793.441
Inflation Adjustment to Capital	20	<b>134.868.176</b>	134.868.176
Repurchased Shares		<b>(6.935.220)</b>	(6.935.220)
Share Premiums/Discounts		<b>234.322</b>	234.322
Other Accumulated Comprehensive Income (Expenses) That Will Not Be Reclassified To Profit or Loss		<b>(44.705.178)</b>	(14.620.649)
- Gains (Losses) on Remeasurement of Defined Benefit Plans		<b>(44.705.178)</b>	(14.620.649)
- Shares from Investments Accounted by Equity Method That Will Not Be Reclassified to Profit/Loss		-	-
Other Accumulated Comprehensive Income (Expenses) That Will Be Reclassified To Profit or Loss		<b>4.060.363</b>	3.371.128
- Foreign Currency Translation Differences		<b>4.060.363</b>	3.371.128
Restricted Reserves Appropriated from Profit	20	<b>405.954.871</b>	405.954.871
The Effect of Mergers Involving Undertaking or Enterprises Subject to Common Control		<b>(305.979.569)</b>	(407.972.757)
Prior Years' Profit		<b>905.464.705</b>	649.004.587
Net Profit for the Period		<b>725.165.282</b>	358.453.306
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>4.875.634.189</b>	3.972.726.540

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

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

		<b>Audited Current Period 1 January- 31 December 2021</b>	Audited Prior Period 1 January- 31 December 2020
	Notes		
<b>PROFIT OR LOSS</b>			
Revenue	21	<b>4.680.981.940</b>	2.932.234.571
Cost of Sales (-)	21	<b>(3.537.495.555)</b>	(2.354.049.813)
<b>GROSS PROFIT</b>		<b>1.143.486.385</b>	578.184.758
General Administrative Expenses (-)	22	<b>(266.126.080)</b>	(214.573.528)
Marketing Expenses (-)	22	<b>(31.695.524)</b>	(23.156.022)
Research and Development Expenses (-)	22	<b>(9.564.307)</b>	(8.218.010)
Other Income from Operating Activities	24	<b>243.745.299</b>	141.522.315
Other Expenses from Operating Activities (-)	24	<b>(235.999.269)</b>	(88.669.606)
<b>OPERATING PROFIT</b>		<b>843.846.504</b>	385.089.907
Income from Investment Activities	25	<b>96.033.526</b>	59.958.532
Expenses from Investment Activities (-)	25	<b>(562.381)</b>	(22.126.590)
<b>OPERATING PROFIT BEFORE FINANCIAL INCOME (EXPENSE)</b>		<b>939.317.649</b>	422.921.849
Finance Income	26	<b>279.446.820</b>	143.138.050
Finance Expense (-)	26	<b>(303.119.474)</b>	(187.617.438)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>915.644.995</b>	378.442.461
<b>Tax Expense from Continuing Operations</b>		<b>(190.479.713)</b>	(19.989.155)
Current Tax Expense	27	<b>(206.338.165)</b>	(63.114.803)
Deferred Tax Income	27	<b>15.858.452</b>	43.125.648
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>725.165.282</b>	358.453.306
<b>PROFIT FOR THE PERIOD</b>		<b>725.165.282</b>	358.453.306
<b>Earnings Per Share</b>			
Earnings Per Share (Nominal value of TL 1)	28	<b>0,63</b>	0,31

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

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

	<b>Audited</b>	Audited
	<b>Current</b>	Prior Period
	<b>1 January- 31 December 2021</b>	1 January- 31 December 2020
<b>Notes</b>		
<b>PROFIT FOR THE PERIOD</b>	<b>725.165.282</b>	358.453.306
<b>OTHER COMPREHENSIVE INCOME/(EXPENSE)</b>		
<b>Items that Will Not Be Reclassified to Profit or Loss:</b>	<b>(30.084.529)</b>	(1.337.108)
Gains (Losses) on Remeasurement of Defined Benefit Plans	18 <b>(37.605.661)</b>	(1.671.385)
Taxes Related to Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss		
- <i>Deferred Tax (Expense) Income</i>	27 <b>7.521.132</b>	334.277
<b>Items that Will Be Reclassified to Profit or Loss:</b>	<b>689.235</b>	(3.712.526)
Foreign Currency Translation Differences	<b>689.235</b>	(3.712.526)
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSE)</b>	<b>(29.395.294)</b>	(5.049.634)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>695.769.988</b>	353.403.672
<b>Distribution of Total Comprehensive Income</b>	<b>695.769.988</b>	353.403.672
Non-controlling Interests	-	-
Owners of the Parent	<b>695.769.988</b>	353.403.672

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

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

	Paid in Share Capital	Capital Adjustment Differences	Repurchased Shares	Share Issuance Premiums	Restricted Reserves Appropri- ated from Profit	Gains / Losses on Remeasurement of Defined Benefit Plans	Foreign Currency Translation Differences	The Effect of Mergers Involving Undertaking or Enterprises Under Common Control	Prior Years' Profit	Net Profit for the Period	Equity
1 January 2020	785.527.741	134.868.176	-	234.322	405.954.871	(13.283.541)	7.083.654	(46.204.406)	622.582.567	113.616.825	2.010.380.209
Transfer (*)	-	-	-	-	-	-	-	101.993.189	11.623.636	(113.616.825)	-
Merger Effect	374.265.700	-	-	-	-	-	-	(463.761.540)	45.546.377	-	(43.949.463)
Repurchased Shares	-	-	(6.935.220)	-	-	-	-	-	(30.747.993)	-	(37.683.213)
Total Comprehensive Income/(Expense)	-	-	-	-	-	(1.337.108)	(3.712.526)	-	-	358.453.306	353.403.672
<i>Profit for the Period</i>	-	-	-	-	-	-	-	-	-	358.453.306	358.453.306
<i>Other Comprehensive Expense</i>	-	-	-	-	-	(1.337.108)	(3.712.526)	-	-	-	(5.049.634)
31 December 2020	1.159.793.441	134.868.176	(6.935.220)	234.322	405.954.871	(14.620.649)	3.371.128	(407.972.757)	649.004.587	358.453.306	2.282.151.205
Transfer (*)	-	-	-	-	-	-	-	101.993.188	256.460.118	(358.453.306)	-
Total comprehensive income/(expense)	-	-	-	-	-	(30.084.529)	689.235	-	-	725.165.282	695.769.988
<i>Profit for the Period</i>	-	-	-	-	-	-	-	-	-	725.165.282	725.165.282
<i>Other Comprehensive Expense</i>	-	-	-	-	-	(30.084.529)	689.235	-	-	-	(29.395.294)
31 December 2021	1.159.793.441	134.868.176	(6.935.220)	234.322	405.954.871	(44.705.178)	4.060.363	(305.979.569)	905.464.705	725.165.282	2.977.921.193

(\*) In accordance with the principle decision of the POA regarding the accounting of business combinations subject to common control dated 11 October 2018, the difference arising as a result of the business combination under common control was started to be transferred to "Prior Years' Profits" from 31 December 2020 year end, as the entities subject to business combination have been merged to the Company.

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

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

		Audited Current Period	Audited Prior Period
		1 January- 31 December 2021	1 January- 31 December 2020
	Notes		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>659.877.289</b>	523.525.532
<b>Profit (Loss) for the Period</b>			
Net Profit (Loss) for the Period from Continuing Activities		<b>725.165.282</b>	358.453.306
<b>Adjustments Related to Reconciliation of Net Profit (Loss) for the Period</b>		<b>417.913.512</b>	247.419.116
Adjustments Related to Depreciation and Amortization Expenses	23	<b>194.761.619</b>	164.602.910
Adjustments Related to Impairment Loss (Reversal) - <i>Adjustments Related to Impairment (Reversal) on Receivables</i>	6	<b>(37.011.713)</b>	(8.814.315)
Adjustments Related to Provisions - <i>Adjustments Related to Provisions (Reversals) for Employee Benefits</i>	18	<b>75.630.796</b>	37.910.216
- <i>Adjustments Related to Provisions (Reversal) for Legal Cases</i>	16	<b>1.106.102</b>	718.367
- <i>Adjustments Related to Other Provisions (Reversals)</i>	16	<b>22.042.920</b>	16.950.452
Adjustments Related to Dividend Income		<b>(10.626.003)</b>	(1.321.071)
Adjustments Related to Interest (Income) and Expenses		<b>66.772.412</b>	93.421.957
- <i>Adjustments Related to Interest Income</i>	26	<b>(38.239.719)</b>	(23.066.417)
- <i>Adjustments Related to Interest Expense</i>	26	<b>105.012.131</b>	116.488.374
Adjustments Related to Fair Value Losses (Gains)		<b>(80.640.819)</b>	(57.651.876)
- <i>Adjustments Related to Fair Value Gains of Financial Assets</i>	25	<b>(75.990.276)</b>	(33.744.278)
- <i>Adjustments Related to Fair Value Loss (Gain) of Derivative Financial Instruments</i>	26	<b>(4.650.543)</b>	(23.907.598)
Adjustments Related to Unrealized Foreign Currency Translation Differences		-	611.379
Adjustments Related to Losses (Gains) from the Disposal of Non-current Assets		<b>(4.601.515)</b>	(7.904.725)
- <i>Adjustments Related to Losses (Gains) Arising from the Disposal of Property, Plant and Equipment</i>	25	<b>(4.601.515)</b>	(7.904.725)
Adjustments Related to Tax (Income) Expense	27	<b>190.479.713</b>	19.989.155
Other Adjustments Related to Profit (Loss) Reconciliation	25	-	(11.093.333)

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

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

	Audited	Audited
	Current Period	Prior Period
	1 January- 31 December 2021	1 January- 31 December 2020
Notes		
<b>Changes in Working Capital</b>	<b>(260.060.129)</b>	<b>(24.945.412)</b>
Adjustments Related to Decrease (Increase) in Trade Receivables	<b>(282.477.875)</b>	(255.028.979)
- Decrease (Increase) in Trade Receivables from Related Parties	<b>(111.225.167)</b>	(16.946.731)
- Decrease (Increase) in Trade Receivables from Third Parties	<b>(171.252.708)</b>	(238.082.248)
Adjustments Related to Decrease (Increase) in Other Receivables Related to Operations	<b>(20.315.343)</b>	23.750.896
- Decrease (Increase) in Other Receivables Related to Operations from Related Parties	<b>(14.594.486)</b>	10.942.718
- Decrease (Increase) in Other Receivables Related to Operations from Third Parties	<b>(5.720.857)</b>	12.808.178
Adjustments Related to Decrease (Increase) in Inventories	<b>(416.962.543)</b>	974.933
Adjustments Related to Increase (Decrease) in Other Non-current Assets	<b>(3.628.422)</b>	347.019
Decrease (Increase) in Prepaid Expenses	<b>8.684.201</b>	(60.514.076)
Adjustments Related to Increase (Decrease) in Trade Payables	<b>407.588.115</b>	268.866.205
- Increase (Decrease) in Trade Payables to Related Parties	<b>39.341.076</b>	69.398.453
- Increase (Decrease) in Trade Payables to Third Parties	<b>368.247.039</b>	199.467.752
Increase (Decrease) in Payables Related to Employee Benefits	<b>6.997.799</b>	(2.159.111)
Adjustments Related to Increase (Decrease) in Other Operating Payables	<b>2.002.998</b>	2.289.433
- Increase (Decrease) in Other Operating Payables to Related Parties	<b>343.592</b>	200.204
- Increase (Decrease) in Other Operating Payables to Third Parties	<b>1.659.406</b>	2.089.229
- Increase (Decrease) in Deferred Income	<b>38.050.941</b>	(3.471.732)
<b>Cash Flow Used in Operations</b>	<b>883.018.665</b>	<b>580.927.010</b>
Payments Related to Provision for Employee Benefits	<b>(27.429.505)</b>	(8.408.252)
Payments Related to Other Provisions	<b>(28.039.698)</b>	(5.590.365)
Tax Refunds (Payments)	<b>(167.672.173)</b>	(43.402.861)

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

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

		Audited Current Period	Audited Prior Period
	Notes	1 January- 31 December 2021	1 January- 31 December 2020
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash Inflows from Sale of Non-current Assets		<b>5.257.733</b>	8.608.864
- <i>Cash Inflows from the Sale of Property, Plant and Equipment</i>	11,25	5.257.733	8.608.864
Cash Outflows Arising from the Purchase of Property, Plant and Equipment and Intangible Assets		<b>(338.844.589)</b>	(294.839.102)
- <i>Cash Outflows from Purchase of Property, Plant and Equipment</i>	9,11	<b>(337.843.863)</b>	(289.335.993)
- <i>Cash Outflows from Purchase of Intangible Assets</i>	12	<b>(1.000.726)</b>	(5.503.109)
Cash Inflow from Dividends Received		<b>10.626.003</b>	1.321.071
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash Inflows from Borrowing		<b>738.658.304</b>	1.286.981.597
- <i>Cash Inflows from Loans</i>	15	<b>438.658.304</b>	1.286.981.597
- <i>Cash Inflows from Repayments of Debt Securities Issued</i>	15	<b>300.000.000</b>	-
Cash Outflows Related to Debt Payments		<b>(1.106.647.070)</b>	(1.236.957.517)
- <i>Cash Outflows Related to Loan Repayments</i>	15	<b>(810.647.070)</b>	(1.161.957.517)
- <i>Cash Outflows from Repayments of Debt Securities Issued</i>	15	<b>(296.000.000)</b>	(75.000.000)
Interest Paid	15	<b>(100.031.547)</b>	(119.884.364)
Interest Received	26	<b>38.684.796</b>	22.895.626
Cash Outflows from Loan Payments Arising from Lease Agreements		<b>(24.289.078)</b>	(16.561.822)
Cash Outflows Arising from Buying Its Own Shares	20	-	(82.008.924)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY DIFFERENCES</b>		<b>(116.708.159)</b>	93.080.961
<b>THE EFFECT OF FOREIGN CURRENCY DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>		<b>(16.862.282)</b>	(12.910.936)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(133.570.441)</b>	80.170.025
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>4</b>	<b>448.206.273</b>	368.036.248
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>4</b>	<b>314.635.832</b>	448.206.273

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

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 1. ORGANIZATION AND OPERATIONS OF THE GROUP

Mardin Çimento Sanayii ve Ticaret A.Ş. ("Company" or "Mardin Çimento"), was established on 2 June 1969 under the leadership of Türkiye Çimento Sanayii Türk Anonim Şirketi. The assembly of the factory was completed in 1975 and production started in September 1975. The main activity of the company is the production and sales of clinker and cement.

OYAK Çimento A.Ş. ("OYAK Çimento"), which was established on 25 November 2015 as a 100% subsidiary of the Ordu Yardımlaşma Kurumu ("OYAK") took over the shares of Mardin Çimento owned by OYAK on 3 December 2015 and OYAK Çimento became the main shareholder of the Company. On 26 November 2018, OYAK transferred 40% of its 100% owned OYAK Cement shares to Taiwan Cement Company ("TCC"). The ultimate main shareholder of the company has not changed and is OYAK.

OYAK is an institution that is financially and administratively autonomous, which has a legal personality, subject to private law provisions, and was established on 1 March 1961 with the law numbered 205. OYAK, the "solidarity and pension fund" of TAF members, provides various services and benefits to its members. OYAK has more than 50 direct and indirect subsidiaries operating in the industry, finance and service sectors.

Due to the purposes of providing more effective management, creating a strong financial, administrative and legal structure in the operating sector and strengthening the production and distribution activities; merger process has been started for Aslan Çimento A.Ş. ("Aslan Çimento"), Adana Çimento Sanayii Türk A.Ş. ("Adana Çimento"), Bolu Çimento Sanayii A.Ş. ("Bolu Çimento") and Ünye Çimento Sanayi ve Ticaret A.Ş. ("Ünye Çimento") following the application to Capital Market Boards in accordance with the board of directors decisions dated 30 December 2019. As of 20 February 2020, the merger application is approved and published in Capital Markets Board bulletin. The general assembly regarding the merger was held on 27 March 2020 and the merger was approved by the shareholders. The process of retirement right within the scope of merger started on 6 April 2020 and ended on 5 May 2020. With the registration of the General Assembly Resolutions for the merger on 14 May 2020, the legal process for the merger was completed. Following the merger, the title of Mardin Çimento was changed to OYAK Çimento Fabrikaları A.Ş. ("The Company") on 21 May 2020.

As of 31 December 2020, OYAK Beton San. ve Tic. A.S. ("OYAK Beton") one of the subsidiaries of the Company, merged within OYAK Çimento Fabrikaları A.Ş. together with all its assets and passives.

The Company's shares are traded on Borsa Istanbul ("BIST") and the Company's free float rate is 26,75% as of the date of preparation of the financial statements.

The number of employees of the Company as of 31 December 2021 is 2.082 (31 December 2020: 1.996). The registered address of the company is Çukurambar Mahallesi 1480. Sokak, No: 2 A / 56, Çankaya, Ankara.

The details of the Company's subsidiaries are as follows:

<u>Subsidiaries</u>	<u>Country of operation</u>	<u>Field of Activity</u>
Ünye Cem SRL	Romania	Cement sale
Marmara Madencilik San. ve Tic. Ltd. Şti.	Turkey	Mining
Adana Çimento Sanayi ve Ticaret Ltd.	Cyprus	Cement, clinker, ready-mixed concrete sales
Adana Çimento Free Port Ltd.	Cyprus	Cement, clinker, ready-mixed concrete sales



# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

#### Dividend Distribution

It is decided not to distribute dividends over the profits of 2020 as a result of the General Assembly held on 31 March 2021.

#### Approval of the Consolidated Financial Statements

The consolidated financial statements have been approved and authorized to be published on 7 March 2022 by the Board of Directors.

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

#### 2.1 Basis of Presentation

##### Statement of Compliance to TFRS

The accompanying financial statements have been prepared in line with Capital Markets Board (“CMB”), Communiqué Serial: II, No. 14.1 on “Principles on Financial Reporting in Capital Market” (“the Communiqué”), promulgated in Official Gazette No. 28676 dated 13 June 2013. Pursuant to Article 5 of the Communiqué, Turkish Financial Reporting Standards (“TFRS”) and their relevant appendices and interpretations enforced by Public Oversight Accounting and Auditing Standards Authority (“POA”).

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

##### Measurement Principles

Consolidated financial statements are prepared on the basis of historical cost, except for the revaluation of financial investments, derivative financial instruments and fixed assets acquired through business combinations. In determining the historical cost, the fair value of the amount paid for the assets is generally taken as basis.

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

The Group’s consolidated financial statements have been prepared comparatively with the prior period, allowing the determination of financial position and performance. Comparative information is reclassified and significant differences are explained when necessary in terms of compliance with presentation of current period consolidated financial statements. During the current year, the Group has done a reclassification to its prior period financial tables. The nature, reason and the amount of the reclassification is explained below:

- The Group has reclassified provision charges amounting to TL 6.769.852 presented under Other Operating Expense to General and Administration Expenses in the consolidated financial statements as of 31 December 2020.

##### Currency Used

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

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

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

##### Functional and presentation currency

The functional currency for Ünye Cem SRL, the subsidiary of the Group, is Romanian Lei (Ron), but its financial position and operating results are converted into TL, which is the functional currency of the Group and the presentation currency for consolidated financial statements, and included in the consolidated financial statements.

	31 December 2021	31 December 2020
("RON") / TL Year-End	3,0316	1,8373
("RON") / TL Average	2,1038	1,6461

##### Adjustments of Consolidated Financial Statements in Hyperinflationary Periods

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

As per the announcement published by the Public Oversight, Accounting and Auditing Standards Authority ("POA") on 20 January 2022, since the cumulative change in the general purchasing power of the last three years has been 74.41% according to the Consumer Price Index ("CPI") rates, it has been stated that entities applying the Turkish Financial Reporting Standards ("TFRS") are not required to make any restatements in their financial statements for 2021 within the scope of TAS 29 "Financial Reporting in High Inflation Economies".

##### Going Concern

The consolidated financial statements have been prepared on the basis of going concern, assuming that the Group will benefit from its assets and fulfill its obligations in the next year and within the natural flow of its operations.

##### Important Developments Regarding the Current Period

While the effects of Covid 19 is continuing, necessary actions have been taken by the Group management to minimize the possible effects of Covid-19 on the Group's activities and financial status. The production activities of the Group were not stopped by obtaining the necessary permissions during the curfews. As of the report date, Covid-19 did not have an impact on the Group's activities that would affect the continuity of the business. In addition, the Group management uses loans to keep the liquidity level high. In line with the evaluations made, it is predicted that the Group will be able to maintain the sufficient liquidity level.

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

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

##### Basis of Consolidation

##### Subsidiaries

The details of the Company's subsidiaries as of 31 December 2021 and 31 December 2020 are as follows:

Subsidiaries	Establishment and place of activity	Field of activity	31 December	31 December
			2021	2020
			Shareholding rate (%)	Shareholding rate (%)
Ünye Cem SRL	Romania	Cement sale	100	100
Marmara Madencilik San. ve Tic. Ltd. Şti. (*)	Turkey	Mining	98,9	98,9
Adana Çimento Sanayi ve Ticaret Ltd. (*)	Cyprus	Cement, clinker, ready-mixed concrete sales	100	100
Adana Çimento Free Port Ltd. (*)	Cyprus	Cement, clinker, ready-mixed concrete sales	100	100

(\*) As of the reporting date, it has no operations.

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

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

In the event of a situation or event that may lead to a change in at least one of the criteria listed above, the Company re-evaluates whether it has control power over its investment.

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

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

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

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

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Audited Consolidated Financial Statements as of 31 December 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

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

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

#### Subsidiaries (cont'd)

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

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

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

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

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

### 2.2 Change in Accounting Policies

Significant changes in accounting policies are applied retrospectively and prior period financial statements are restated. In current year, Group has not been a significant change in accounting policies.

### 2.3 Change in Accounting Estimates and Errors

Change in accounting estimates, if only for one period, change is made in the current period, if the estimates related to future periods, change are made in both the current periods and future periods, are applied prospectively. In the current year Group has not been any significant changes in accounting estimates. Significant accounting estimates and assumptions used in the preparation of consolidated financial statements are explained in Note 2.6.

Significant accounting errors are applied retrospectively and prior period financial statements are restated. There is no significant error detected by the Group in the current year.

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Audited Consolidated Financial Statements as of 31 December 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

### 2.4 New and Amended Turkish Financial Reporting Standards

#### a) Amendments that are mandatorily effective from 2021

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

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

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

The Group management assessed that the adoption of this amendment does not have any material effect on the Group's consolidated financial statements.

#### b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	<i>Insurance Contracts</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to TAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to TAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to TFRS Standards	<i>Amendments to TFRS 1, TFRS 9 and TAS 41</i>
2018 – 2020	
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TFRS 16	<i>Continuing Concessions in Rent Payments Related to COVID-19 After 30 June 2021</i>
Amendments to TAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to TAS 8	<i>Definition of Accounting Estimates</i>
Amendments to TAS 12	<i>Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction</i>

##### **TFRS 17 Insurance Contracts**

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of 1 January 2023.

##### **Amendments to TAS 1 Classification of Liabilities as Current or Non-Current**

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendment defers the effective date by one year. Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

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

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

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

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Audited Consolidated Financial Statements as of 31 December 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

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

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

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

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

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

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

With the amendment in TAS 37, it is ensured that the estimated contract fulfillment costs consist of both the variable costs incurred to fulfill the contract and the amounts distributed from other costs directly related to the fulfillment of the contract in order to determine whether the contract is an economically disadvantaged contract.

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

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

##### ***Amendments to TFRS 1 First Time Adoption of Turkish Financial Reporting Standards***

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

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

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

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

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

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

##### ***Amendments to TFRS 4 Extension of the Temporary Exemption from Applying TFRS 9***

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 Insurance Contracts from applying TFRS 9 Financial Instruments, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023.

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

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

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

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

Public Oversight Accounting and Auditing Standards Authority (“KGK”) published COVID-19 Continuing Concessions on Lease Payments After 30 June 2021 – Changes Related to TFRS 16, published in June 2020, extending the exemption for tenants from determining whether certain concessions in lease payments due to COVID-19 should not determine whether a lease has changed or not.

On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. Since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the POA decided to extend the time period one year which the practical expedient is available for use.

This new change will be applied by tenants for annual accounting periods beginning on or after 1 April 2021, but early application is permitted.

##### **Amendments to TAS 1 Disclosure of Accounting Policies**

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

##### **Amendments to TAS 8 Definition of Accounting Estimates**

With this amendment, the definition of “a change in accounting estimates” has been replaced with the definition of “an accounting estimate”, sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

##### **Amendments to TAS 12 Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction**

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

### 2.5 Summary of Significant Accounting Policies

#### Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (reporting entity).

a) A person or a close member of that person's family is related to a reporting entity if that person,

- (i) has control or joint control over the reporting entity,
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (ii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.

If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

#### Revenue recognition

The Group recognizes the revenue under the five-step model in line with the TFRS 15 "Revenue from Customer Contracts Standard".

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation

The Group evaluates the cement, clinker and aggregate amounts it has committed in each contract with customers and determines each commitment to transfer the said goods or services as a separate performance obligation. The Group fulfills its performance obligations at a certain moment by transferring the goods or services. As the Group fulfills or has fulfilled its performance obligation by transferring a promised good or service to its customer, it records the transaction price corresponding to this performance obligation in its consolidated financial statements as revenue. Goods or services are transferred when (or as long as) control of goods or services is in the hands of customers.



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(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

### 2.5 Summary of Significant Accounting Policies (cont'd)

#### Revenue recognition (cont'd)

The Group evaluates the transfer of control of the goods or services sold to the customer,

- ownership of the Group's right to collect goods or services,
- the ownership of the property of the customer,
- transfer of the ownership of the goods or services
- the ownership of significant risks and rewards arising from the ownership of the property of the customer,
- takes into account the customer's acceptance of goods or services.

#### Lease income

Lease income is reflected monthly to consolidated financial statements.

#### Dividend

Dividend income from share investments is recognized when the shareholders have the right to receive dividends (as long as the Group will obtain economic benefits and it is possible to measure the income reliably).

#### Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on a weighted average basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of profit or loss in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

#### Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated and carried at cost less accumulated impairment.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Audited Consolidated Financial Statements as of 31 December 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

### 2.5 Summary of Significant Accounting Policies (cont'd)

#### Property, Plant and Equipment (cont'd)

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

Depreciation periods for property, plant and equipment are as follows:

	<u>Useful Life</u>
Land improvements	1-50 Years
Buildings	3-50 Years
Plant, machinery and equipment	1-40 Years
Vehicles	3-15 Years
Fixtures and furniture	1-50 Years
Leasehold improvements	5-40 Years

#### Investment Properties

Investment properties that are those held to earn rentals and/or for capital appreciation are carried at cost less accumulated depreciation and any accumulated impairment losses. Carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Depreciation is provided for an investment property on a straight-line basis. The depreciation period for investment property is 8-30 years.

Investment properties are derecognized when they are disposed of, or when the investment property is no longer in use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property that is measured at fair value to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property that is measured at fair value, the Group accounts for such property in accordance with the policy stated under "Property, Plant and Equipment" up to the date of change in use.

#### Intangible Assets

##### Intangible assets acquired separately

Intangible assets comprise acquired rights, computer software and rehabilitation provisions reserved for mines are reflected in the consolidated financial statements with their accumulated amortization and net value after deducting the impairment, if any. Mining assets are amortized with the commencement of production, other assets according to their expected useful lives using the straight-line depreciation and production amount method. The estimated useful life and amortization method are reviewed at the end of each annual reporting period and the changes in the estimates are accounted for on a prospective basis.

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Audited Consolidated Financial Statements as of 31 December 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

### 2.5 Summary of Significant Accounting Policies (cont'd)

#### Intangible Assets (cont'd)

##### Intangible assets acquired separately (cont'd)

The useful lives of intangible assets are as follows.

	<u>Economic Life</u>
Other rights/mining license rights	20 Years
Licenses	15 Years
Computer software	3 Years
Other intangible assets	32 – 60 Years

##### Computer software

Purchased computer software is capitalized over the costs incurred at the time of purchase and from the time of purchase until it is ready for use. These costs are amortized over their useful lives.

##### Mining license rights

Mining license rights consist of costs related to the purchase of mine sites. Mining license rights are reflected in the financial statements with the net book value formed after deducting the accumulated depreciation and permanent impairment, if any, from the acquisition costs. The depreciation expenses of mining license rights are associated with the production cost on the basis of the relevant mining sites. The said license rights are depreciated according to the reserve capacity over the tonnage extracted from the mine site in the relevant year.

##### Mining assets

Mining assets; consist of reduced costs such as mine site reclamation, rehabilitation and closure of the area. Mining assets are reflected with net book value in financial statements over the cost of acquisition after eliminated the accumulated depreciation and impairment losses. Mining assets are started to be amortized with the start of production. Depreciation expense of mining assets in some of the relevant mining sites is associated with the production cost.

##### Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

#### **Impairment of Property, Plant and Equipment and Intangible Assets Other Than Goodwill**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

### 2.5 Summary of Significant Accounting Policies (cont'd)

#### **Impairment of Property, Plant and Equipment and Intangible Assets Other Than Goodwill (cont'd)**

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. The value in use is the present value of future cash flows expected to be generated from an asset or a cash generating unit. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in the statement of profit or loss in the period in which they are incurred.

#### **Financial Instruments**

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### ***Financial assets***

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

The Group classifies its financial assets as (a) Business model used for managing financial assets, (b) financial assets subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss based on the characteristics of contractual cash flows. The Group reclassifies all financial assets effected from the change in the business model it uses for the management of financial assets. The reclassification of financial assets is applied prospectively from the reclassification date. In such cases, no adjustment is made to gains, losses (including any gains or losses of impairment) or interest previously recognized in the financial statements.

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Audited Consolidated Financial Statements as of 31 December 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

### 2.5 Summary of Significant Accounting Policies (cont'd)

#### Financial Instruments (cont'd)

##### *Financial assets (cont'd)*

##### Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset; the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met.

##### (i) Amortised cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

(a) Credit-impaired financial assets when purchased or generated. For such financial assets, the Company applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the financial statements.

(b) Non-financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired. For such financial assets, the Company applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

Interest income is recognised in profit or loss and is included in the “finance income – interest income” line item (Note 26).

##### (ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship.

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

### 2.5 Summary of Significant Accounting Policies (cont'd)

#### Financial Instruments (cont'd)

##### *Financial assets (cont'd)*

##### Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other gains and losses' line item. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

##### Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI and trade receivables, as well as financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group utilizes a simplified approach for trade receivables, contract assets and lease receivables that does not have significant financing component and calculates the allowance for impairment against the lifetime ECL of the related financial assets.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

##### Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows (all cash-deficiencies) that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate (or credit-based adjusted effective interest rate for financial assets with credit-value impairment when purchased or incurred).

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

### 2.5 Summary of Significant Accounting Policies (cont'd)

#### Financial Instruments (cont'd)

##### *Financial assets (cont'd)*

##### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

##### *Financial liabilities*

Financial liabilities are classified as at FVTPL on initial recognition. On initial recognition of liabilities other than those that are recognised at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognised in the fair value.

A financial liability is subsequently classified at amortized cost except:

(a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.

(b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognised in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Company continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.

(c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where TFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

The Group does not reclassify any financial liability.

##### Derecognition of financial liabilities

The Group derecognizes financial liabilities only when, the Group's obligations are discharged, cancelled or they expire. Carrying value of the financial liability that are derecognized and the differences between consideration paid or payable including non-monetary assets transferred or liabilities received are recognized in profit or loss.

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

### 2.5 Summary of Significant Accounting Policies (cont'd)

#### Leasing

##### The Group as Lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.



# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Audited Consolidated Financial Statements as of 31 December 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

### 2.5 Summary of Significant Accounting Policies (cont'd)

#### Leasing (cont'd)

##### The Group as Lessee (cont'd)

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under TAS 37. The costs are included in the related right-of-use asset unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies TAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and included in 'other expenses' in profit or loss.

As a practical expedient, TFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

##### The Group as Lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Lease income from operating leases is accounted for on a straight-line basis during the relevant lease period. The direct initial costs incurred in the realization and negotiation of the operating lease are included in the cost of the leased asset and amortized over the lease term using the straight-line method.

##### Segment Reporting of Financial Information

The Group has two operating segments, cement and ready-mixed concrete, containing the information used by the management to evaluate their performance and decide on resource allocation.

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Audited Consolidated Financial Statements as of 31 December 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

### 2.5 Summary of Significant Accounting Policies (cont'd)

#### Effects of Changes in Exchange Rates

##### Foreign Currency Transactions and Balances

The accompanying consolidated financial statements are presented in TL, which is the currency of the primary economic environment in which the Group operates.

In preparing the consolidated financial statements of the individual entities, transactions in currencies (other than TL) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated into TL at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated into Euro at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings,
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

#### Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Audited Consolidated Financial Statements as of 31 December 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

### 2.5 Summary of Significant Accounting Policies (cont'd)

#### Government Grants and Incentives

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. The government incentives as a financial instrument, should be associated with the balance sheet as unearned income rather than being recognized in profit or loss in order to clarify the expense item financed and should be systematically reflected in profit or loss during the economic life of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

Government grants that enable the payment of the reduced corporate tax with a discount are assessed in accordance with TAS 12 Income Taxes; and deferred tax asset is recognized on condition that it is probable to benefit from the tax advantage of making taxable profit in the future over the tax advantage amount for which is entitled.

Details of the government incentives and grants benefited by the Group are presented in Note 14.

#### Income Taxes

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

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

Deferred tax assets are separated from all temporary differences and unused tax losses if it seems possible to generate sufficient profits to reduce deductible temporary differences and unused tax losses in the future. In each balance sheet period, the Group reviews its deferred tax assets and recognized them by considering 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 said asset will be realized and the liability will be fulfilled are calculated based on the tax rates (tax laws) applied as of the date of the balance sheet.

#### Cash and cash equivalents

In terms of the presentation of the statement of cash flows, cash and cash equivalents include cash in hand, cash in banks, checks (demand) and time deposits with original maturity of less than 3 months.

#### Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Audited Consolidated Financial Statements as of 31 December 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

### 2.5 Summary of Significant Accounting Policies (cont'd)

#### Earnings Per Share

Earnings per share disclosed in the consolidated statement of profit or loss are determined by dividing net earnings by the weighted average number of shares that have been outstanding during the related period.

Companies in Turkey may increase their capital with "bonus share" which they have distributed to the shareholders from retained earnings. Such "bonus share" distributions are considered as issued shares in earnings per share calculations. Accordingly, the number of the weighted average of shares used in these calculations is based on the retrospective effect of the related share distributions.

#### Events After the Reporting Period

Events after the reporting period are those events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information.

The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

#### Employee Benefits

##### Termination and retirement benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per revised TAS 19 *Employee Benefits* ("TAS 19").

The employment termination benefit recognized in the balance sheet was calculated according to the net present value of the liability amounts expected to arise in the future due to the retirement of all employees and reflected in the financial statements. All calculated actuarial gains and losses are accounted for under other comprehensive income.

##### Provision for seniority incentive premium

The Group has a benefit under the name of "seniority incentive premium" paid to its employees with a certain seniority. The seniority incentive premium provision accrued in the financial statements represents the discounted value of the estimated total provision of possible future liabilities to the present time.

The Group used actuarial valuation methods for the calculation of the provision for severance incentive premium in the financial statements.

##### Defined contribution plan

The Group pays compulsory social security premium to the Social Security Institution. As long as the Group pays these premiums, it has no other obligations. These premiums are reflected in personnel expenses in the period they are accrued.

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Audited Consolidated Financial Statements as of 31 December 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

### 2.5 Summary of Significant Accounting Policies (cont'd)

#### Employee Benefits (cont'd)

##### Provision for unused vacation

The Group is obliged to pay the number of days with the number of days but not with the number of days that have been paid but not used in case of termination of the employees, by multiplying the total daily gross wage and other contractual benefits. In this context, the Group recognizes the unused vacation days provision for employee benefits. The Group's expectation is that it will not be possible to fulfill all of the unused vacation days in twelve months following the annual reporting period, hence such provision provisions are classified in the long-term provisions for employee benefits.

#### Provision for rehabilitation

The Group records the present value of the estimated costs of legal and constructive obligations required to restore mine areas in the period in which the liability is realized. These restoration activities include the improvement and greening of the affected areas.

Obligation usually occurs when the asset is installed or the place / environment in the mining area is adversely affected. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the net book value of the respective mining assets to the amount to which the development / construction of the mine will be realized. The liability that is discounted over time is increased by the change in the present value, which reflects the market assessments and the risks specific to the liability in the current period.

Changes in rehabilitation costs are reflected in the respective assets and rehabilitation liabilities as purchases as they occur.

#### Derivative financial instruments

The Group uses various derivative financial instruments in order to keep the risks associated with interest rate swap transactions under control.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Audited Consolidated Financial Statements as of 31 December 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

### 2.6 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

#### Critical judgments in applying the Group's accounting policies

The Group makes future estimates and assumptions while preparing the consolidated financial statements in accordance with TFRS in the process of applying the accounting policies stated in the Note 2.5. Accounting estimates rarely give exactly the same results as those that occur. In the next financial reporting period, estimates and assumptions that may cause significant adjustments in the book value of assets and liabilities are stated below.

#### Calculation of loss allowance for receivables

When measuring expected credit loss due to trade receivables, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Provisions is set for receivables to reflect the amounts that management believes will cover the future losses of the receivables that exist as of the balance sheet date but have the risk of not being collected within the framework of current economic conditions considering estimates for loss given default. Allowance set by the Group management for the collection risk of receivables as of the balance sheet date is presented at Note 6.

#### Provision for legal cases

While setting the provision for legal cases, the probability of losing the relevant lawsuits and the consequences to be incurred in case of loss are evaluated in line with the opinions of the Group's lawyers and the Group Management makes the best estimates using the available data and is reflected in the consolidated financial statements by estimating the required provision (Note 16).

#### Economic lives of property, plant and equipment, intangible fixed assets and investment properties

The Group management has made important assumptions in the determination of the useful economic lives of property, plant and equipment, intangible assets and investment properties in line with the experience of its technical team (Note 10,11,12).

#### Employee benefits

The Group makes various assumptions in the calculation of severance pay and severance incentive premium provisions such as discount rate, inflation rate, real salary increase rate, and the possibility of turnover. The assumptions used in the calculation of the liability are given in Note 18 in detail.

#### Provision for rehabilitation

The Group recognized the present value of the estimated costs of legal obligations required to restore mines in the period in which the obligation occurred. Due to the large number of factors that may affect the final liability to be paid, important estimates and assumptions are made in determining the rehabilitation provision. These factors include estimates of the scope and cost of rehabilitation activities, technological changes, changes in regulations, cost increases in proportion to inflation rates and changes in discount rates. These uncertainties may cause future expenditures to differ from those estimated today.

#### Mining license rights

The amortization of mining license rights is largely based on management estimates. The estimate includes the estimation of the reserve in the relevant mine site.

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Audited Consolidated Financial Statements as of 31 December 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

### 2.6 Critical Accounting Judgments and Key Sources of Estimation Uncertainty (cont'd)

Critical judgments in applying the Group's accounting policies (cont'd)

*Provisions in determining the time of fulfillment of performance obligations*

While conducting its evaluations, the management takes into consideration the detailed conditions stated in TFRS 15 regarding the fulfillment of performance obligations and the recognition of the transaction costs allocated as revenue, especially whether the control over the goods and services is passed to the customer.

*Provision for impairment on inventories*

Regarding the impairment on inventory, inventories are examined physically, their availability is determined in line with the opinions of the technical personnel, and provisions are made for items that are estimated to be unusable. Sales prices are used in determining the net realizable value of the inventories and estimates are made for the sales expenses to be incurred. As a result of these studies, provision is made for the inventories whose net realizable value is below the cost value.

*Deferred Tax*

Deferred tax assets represent receivables related to deductible temporary differences, unused financial losses transferred to future periods and unused tax incentives transferred to future periods.

Deferred tax assets are not calculated for (continuous) amounts that are not available for deduction in terms of tax legislation.

The Group recorded its deferred tax asset as of 31 December 2021, since it is highly probable that sufficient profit will arise that will result in tax liability that will be netted off in the following periods.

*Fair values of derivative instruments*

The fair values of financial instruments that are not traded in an active market are determined using various valuation methods.

Financial assets and liabilities are valued over the inputs used to find the price observable in the market, either directly or indirectly, other than the stock market price of the relevant asset or liability specified in the first level.

## OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Audited Consolidated Financial Statements as of 31 December 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 3. SEGMENT REPORTING

The business activities of the Group are managed and organized depending on the content of the services and products it provides. Group makes its segment reporting in accordance with TFRS 8. Information on the business areas of the Group includes information on the earnings and profit of the Group obtained from cement (including clinker and aggregate) and ready-mixed concrete activities as of 31 December 2021 and 31 December 2020.

#### a) Statement of Profit or Loss by Segments

31 December 2021	Ready-mixed Concrete	Cement	Elimination (*)	Total
<b>PROFIT OR LOSS</b>				
Revenue	1.087.879.470	3.667.150.665	(74.048.195)	4.680.981.940
Cost of Sales (-)	(1.027.908.684)	(2.583.635.066)	74.048.195	(3.537.495.555)
<b>GROSS PROFIT (LOSS)</b>	<b>59.970.786</b>	<b>1.083.515.599</b>	-	<b>1.143.486.385</b>
General Administrative Expenses (-)	(39.910.714)	(226.215.366)	-	(266.126.080)
Marketing Expenses (-)	(5.966.623)	(25.728.901)	-	(31.695.524)
Research and Development Expenses (-)	(9.311.636)	(252.671)	-	(9.564.307)
Other Income from Operating Activities	5.155.284	238.590.015	-	243.745.299
Other Expenses from Operating Activities (-)	(2.855.341)	(233.143.928)	-	(235.999.269)
<b>PROFIT (LOSS) FROM OPERATING ACTIVITIES</b>	<b>7.081.756</b>	<b>836.764.748</b>	-	<b>843.846.504</b>

(\*) The aforementioned elimination balances basically consist of trading transactions realized between the fields of activity of the Group.

31 December 2020	Ready-mixed Concrete	Cement	Elimination (*)	Total
<b>PROFIT OR LOSS</b>				
Revenue	655.636.808	2.604.052.991	(327.455.228)	2.932.234.571
Cost of Sales (-)	(637.016.089)	(2.047.745.098)	330.711.374	(2.354.049.813)
<b>GROSS PROFIT (LOSS)</b>	<b>18.620.719</b>	<b>556.307.893</b>	<b>3.256.146</b>	<b>578.184.758</b>
General Administrative Expenses (-)	(19.499.020)	(195.083.008)	8.500	(214.573.528)
Marketing Expenses (-)	(3.554.718)	(19.601.304)	-	(23.156.022)
Research and Development Expenses (-)	(7.921.685)	(296.325)	-	(8.218.010)
Other Income from Operating Activities	7.376.009	137.516.690	(3.370.384)	141.522.315
Other Expenses from Operating Activities (-)	(1.328.548)	(87.341.058)	-	(88.669.606)
<b>PROFIT (LOSS) FROM OPERATING ACTIVITIES</b>	<b>(6.307.243)</b>	<b>391.502.888</b>	<b>(105.738)</b>	<b>385.089.907</b>

(\*) The aforementioned elimination balances basically consist of trade receivables and trade payable balances between the Group's fields of activity.



## OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Audited Consolidated Financial Statements as of 31 December 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 3. SEGMENT REPORTING (cont'd)

#### b) Assets and Liabilities According to Segments

<b>31 December 2021</b>	<b>Ready-mixed Concrete</b>	<b>Cement</b>	<b>Undistributed</b>	<b>Elimination (*)</b>	<b>Total</b>
Assets and liabilities					
Property, plant and equipment	126.134.092	1.874.565.976	-	-	1.988.998.135
Intangible assets	22.386.211	46.080.926	-	-	68.467.137
Undistributed assets	-	-	2.806.466.984	-	2.806.466.984
<b>Total assets</b>	<b>148.520.303</b>	<b>1.920.646.902</b>	<b>2.806.466.984</b>	<b>-</b>	<b>4.875.634.189</b>
Undistributed liabilities					
	-	-	1.897.712.996	-	1.897.712.996
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>1.897.712.996</b>	<b>-</b>	<b>1.897.712.996</b>

(\*) The said elimination balances mainly arise from the netting off of trade receivables and trade payables balances between the Group's fields of activity.

<b>31 December 2020</b>	<b>Ready-mixed Concrete</b>	<b>Cement</b>	<b>Undistributed</b>	<b>Elimination (*)</b>	<b>Total</b>
Assets and liabilities					
Property, plant and equipment	95.278.558	1.739.845.833	-	-	1.835.124.391
Intangible assets	7.497.149	68.503.655	-	-	76.000.804
Undistributed assets	292.032.848	1.991.651.870	-	(222.083.373)	2.061.601.345
<b>Total assets</b>	<b>394.808.555</b>	<b>3.800.001.358</b>	<b>-</b>	<b>(222.083.373)</b>	<b>3.972.726.540</b>
Undistributed liabilities					
	377.040.593	1.535.618.115	-	(222.083.373)	1.690.575.335
<b>Total liabilities</b>	<b>377.040.593</b>	<b>1.535.618.115</b>	<b>-</b>	<b>(222.083.373)</b>	<b>1.690.575.335</b>

(\*) The aforementioned elimination balances basically consist of trade receivables and trade payable balances between the Group's fields of activity.

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Audited Consolidated Financial Statements as of 31 December 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

## 4. CASH and CASH EQUIVALENTS

	<b>31 December 2021</b>	31 December 2020
Bank	<b>290.072.334</b>	444.235.631
<i>Demand deposits</i>	<b>5.280.761</b>	4.767.079
<i>Time deposits with a maturity of less than three months</i>	<b>284.791.573</b>	439.468.552
Other cash and cash equivalents (*)	<b>24.743.955</b>	4.596.176
Cash and cash equivalents in the balance sheet	<b>314.816.289</b>	448.831.807
Less-Interest accruals	<b>(180.457)</b>	(625.534)
Cash and cash equivalents in the statement of cash flows	<b>314.635.832</b>	448.206.273

(\*) A significant portion of the said amount consists of receivables related to sales made by credit card.

Detailed information on time deposits as of 31 December 2021 and 31 December 2020 are as follows:

<b>Currency</b>	<b>Maturity</b>	<b>Amount</b>	<b>Gross interest rate (%)</b>	<b>31 December 2021</b>
TL	3 January 2022	162.972.190	14,00%-26,00%	162.972.190
USD	3 January 2022	8.331.381	0,05%-0,75%	111.042.430
EUR	3 January 2022	170.677	0,01%	2.574.956
RON	3 January 2022	2.705.501	0,35%	8.201.997
				284.791.573

  

<b>Currency</b>	<b>Maturity</b>	<b>Amount</b>	<b>Gross interest rate (%)</b>	<b>31 December 2020</b>
TL	4-11 January 2021	178.764.667	4,50%-18,00%	178.764.667
USD	4-11 January 2021	33.310.773	0,01%-3,50%	244.517.728
EUR	4 January 2021	987.121	0,01%	8.891.884
RON	3 January 2021	3.970.105	1,00%	7.294.273
				439.468.552

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Audited Consolidated Financial Statements as of 31 December 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

## 5. RELATED PARTY DISCLOSURES

### Salaries and other benefits for key management personnel

Key management personnel consist of members of the Board of Directors, vice presidents, general manager and directors. The salaries and similar benefits provided to key management personnel for their services are as follows:

	<b>1 January- 31 December 2021</b>	1 January- 31 December 2020
Salaries and other short-term benefits	<b>12.504.936</b>	8.177.695
	<b>12.504.936</b>	8.177.695

The Group carries out various transactions with related parties during its activities. The balances of the related parties as of 31 December 2021 and 31 December 2020, and the transaction amounts and balances made with these institutions for the periods ending on 31 December 2021 and 31 December 2020 are explained in the following pages.

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Audited Consolidated Financial Statements as of 31 December 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

## 5. RELATED PARTY DISCLOSURES (cont'd)

	31 December 2021			
	Receivables		Payables	
	Short Term		Short Term	
Balances with related parties	Trade	Non-trade	Trade	Non-trade
<b>Ultimate parent</b>				
Ordu Yardımlaşma Kurumu (OYAK)	-	-	4.589.626	-
<b>Parent</b>				
OYAK Çimento A.Ş.	-	11.087.302	-	-
<b>Other companies managed by the ultimate parent</b>				
Omsan Lojistik A.Ş.	-	-	6.015.509	-
Omsan Denizcilik A.Ş.	-	-	11.684.079	-
Omsan Havacılık A.Ş.	-	-	1.401.182	-
OYKA Kağıt Ambalaj San. ve Tic. A.Ş.	-	-	26.320.037	-
OYAK İnşaat A.Ş.	14.898.333	-	-	-
Ereğli Demir Çelik Fabrikaları T. A.Ş.	-	-	15.989.867	-
İskenderun Demir ve Çelik A.Ş.	-	-	26.013.344	-
İskenderun Enerji üretim ve Tic. A.Ş.	-	-	630.494	-
Mais Motorlu Araçlar İmal ve Satış A.Ş.	-	-	90.428	-
OYAK Pazarlama Hizmet ve Turizm A.Ş.	-	-	9.245.122	-
OYAK Grup Sigorta ve Reasürans Brokerliği A.Ş.	-	-	23.368.336	-
OYAK Savunma ve Güvenlik Sistemleri A.Ş.	-	-	5.269.908	-
OYAK Elektrik Enerjisi Toptan Satış A.Ş.	-	-	1.128.967	-
OYAK Yatırım Menkul Değerler A.Ş.	-	-	1.216.650	-
Oyak Sentetik Karbon Ürünleri Sanayi ve Ticaret A.Ş.	49.560	-	-	-
Oytaş İç ve Dış Tic.A.Ş.	-	-	-	2.655.948
Güzel Enerji Akaryakıt A.Ş.	-	-	1.412.530	-
Cimpor - Industria de Cimentos	181.720	-	-	-
Cimpor-Serviços, Sa.	2.690.569	-	-	-
Doco Petrol ve Danışmanlık A.Ş.	-	-	9.932.247	-
Akdeniz Chemson Kimya San. ve Tic. A.Ş.	-	-	333.549	-
Likitgaz Dağıtım ve Endüstri A.Ş.	-	-	26.200	-
Miilux Yüksek Mukavemetli Çelik Üretim A.Ş.	-	-	49.391	-
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş.	-	-	6.507	-
Hektaş Ticaret T.A.Ş.	-	-	6.580	-
Kümaş Manyezit Sanayi A.Ş.	-	-	11.945.333	-
Cimpor Cote d'Ivoire SARL	107.121.900	3.507.184	-	-
Other	-	-	-	1.029.950
<b>Other companies managed by the parent</b>				
Denizli Çimento Sanayii Türk A.Ş.	-	-	18.297.786	-
Cimpor Cameroun SA	4.755.347	-	-	-
	129.697.429	14.594.486	174.973.672	3.685.898

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Audited Consolidated Financial Statements as of 31 December 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

## 5. RELATED PARTY DISCLOSURES (cont'd)

Balances with related parties	31 December 2020			
	Receivables		Payables	
	Short Term		Short Term	
	Trade	Non-Trade	Trade	Non-Trade
<b>Ultimate parent</b>				
Ordu Yardımlaşma Kurumu (OYAK)	-	-	1.348.568	-
<b>Parent</b>				
OYAK Çimento A.Ş.	-	-	7.163.975	-
<b>Other companies managed by the ultimate parent</b>				
Omsan Lojistik A.Ş.	-	-	14.116.555	-
Omsan Denizcilik A.Ş.	640.213	-	3.102.670	-
OYKA Kağıt Ambalaj San. ve Tic. A.Ş.	-	-	21.855.855	-
OYAK İnşaat A.Ş.	3.580.410	-	-	-
Ereğli Demir Çelik Fabrikaları T.A.Ş.	-	-	11.346.279	-
Erdemir Çelik Servis Merkezi San. ve Tic A.Ş.	230	-	-	-
İskenderun Demir ve Çelik A.Ş.	-	-	22.630.241	-
İskenderun Enerji üretim ve Tic. A.Ş.	-	-	1.916.849	-
Mais Motorlu Araçlar İmal ve Satış A.Ş.	-	-	56.731	-
OYAK Pazarlama Hizmet ve Turizm A.Ş.	-	-	7.822.801	-
OYAK Grup Sigorta ve Reasürans Brokerliği A.Ş.	-	-	12.547.507	-
OYAK Savunma ve Güvenlik Sistemleri A.Ş.	-	-	9.039.215	-
OYAK Elektrik Enerjisi Toptan Satış A.Ş.	-	-	830.424	-
OYAK Yatırım Menkul Değerler A.Ş.	-	-	373.458	-
Oytaş İç ve Dış Tic.A.Ş.	-	-	-	2.304.788
Güzel Enerji Akaryakıt A.Ş.	-	-	574.184	-
Cimpor Portugal Cabo Verde Operations SGPS, S.A.	2.399.128	-	-	-
Doco Petrol ve Danışmanlık A.Ş.	-	-	4.988.028	-
Akdeniz Chemson Kimya San. Ve Tic. A.Ş.	-	-	223.355	-
Hektaş Ticaret T.A.Ş.	-	-	16.587	-
Other	-	-	-	1.037.518
<b>Other companies managed by the parent</b>				
Denizli Çimento Sanayii Türk A.Ş.	123.900	-	15.679.314	-
Cimpor Cote d'Ivoire SARL	11.728.381	-	-	-
	18.472.262	-	135.632.596	3.342.306

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Audited Consolidated Financial Statements as of 31 December 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

## 5. RELATED PARTY DISCLOSURES (cont'd)

Transactions with related parties	1 January – 31 December 2021						
	Purchases	Sales	Interest received	Interest paid	Fixed asset purchases	Other income	Other expenses
<b>Ultimate partner</b>							
Ordu Yardımlaşma Kurumu (OYAK)	-	-	-	-	-	357.324	6.200.242
<b>Partner</b>							
OYAK Çimento A.Ş. (1)	-	-	-	-	-	8.583.674	24.734.118
<b>Other companies managed by the ultimate parent</b>							
Akdeniz Chemson Kimya San. ve Tic. A.Ş.	469.943	-	-	-	-	470	-
Cimpor Industria de Cimentos SA	-	10.682.202	-	-	-	102.444	-
Doco Petrol ve Danışmanlık A.Ş. (11)	43.183.380	-	-	-	-	-	-
Erdemir Çelik Servis Merkezi San. ve Tic A.Ş.	-	-	-	-	-	2.916	-
Hektaş Ticaret T.A.Ş.	26.790	-	-	-	-	-	-
OYAK İnşaat A.Ş.	-	35.168.453	-	-	-	836.698	39.873
Omsan Lojistik A.Ş. (7)	25.013.920	-	-	-	-	39.640	12.229
Oyka Kağıt Ambalaj San. ve Tic. A.Ş. (2)	89.043.685	-	-	-	-	324.652	16.940
İskenderun Demir ve Çelik A.Ş. (12)	48.780.446	44.410	-	-	-	-	59.144
İskenderun Enerji Üretim ve Tic. A.Ş.	2.457.398	-	-	-	-	9.860	-
Mais Motorlu Araçlar İmal ve Satış A.Ş.	164.951	-	-	-	-	-	-
OYAK Elektrik Enerjisi Toptan Satış A.Ş. (3)	473.978.740	-	-	-	-	-	-
Oytaş İç ve Dış Tic. A.Ş.	-	-	-	-	-	264.627	524.714
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (4)	26.948.230	-	-	-	-	1.747.476	1.145
OYAK Pazarlama Hizmet ve Turizm A.Ş. (5)	26.189.167	-	-	-	-	1.110.308	1.609.582
OYAK Savunma ve Güvenlik Sistemleri A.Ş. (6)	23.796.728	-	-	-	-	375	415.692
OYAK Denizcilik ve Liman İşletmeleri A.Ş.	-	-	-	-	-	167.225	90
Omsan Denizcilik A.Ş. (13)	90.811.342	-	-	-	-	10.560	5.212.060
Omsan Havacılık A.Ş. (14)	10.328.619	-	-	-	-	-	562.786
OYAK Grup Sigorta ve Reasürans Brokerliği A.Ş.(8)	26.643.442	-	-	-	-	-	-
OYAK Yatırım Menkul Değerler A.Ş.	1.401.650	-	-	-	-	-	-
Güzel Enerji Yakıt A.Ş. (9)	5.986.995	-	-	-	-	-	-
Kümaş Manyezit Sanayi A.Ş. (15)	22.120.149	-	-	-	-	169.755	1.980.256
Likitgaz Dağıtım ve Endüstri A.Ş.	76.998	-	-	-	-	-	-
Miilux Yüksek Mukavemeth Çelik Üretim A.Ş.	50.824	-	-	-	-	-	-
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş.	6.025	-	-	-	-	-	-
OYAK Sentetik Karbon Ürünleri Sanayi ve Ticaret A.Ş.	-	42.000	-	-	-	-	-
Cimpor-Serviços, Sa.	-	-	-	-	-	2.654.749	-
Cimpor Cote d'Ivoire SARL (16)	-	59.886.715	-	-	-	984.478	-
<b>Other companies managed by the parent</b>							
Denizli Çimento A.Ş. (10)	70.838.653	196.774	-	-	-	3.914.273	1.654.388
Cimpor Cameroun SA (17)	-	-	-	-	-	3.159.713	-
	<b>988.318.075</b>	<b>106.020.554</b>	-	-	-	<b>24.441.217</b>	<b>43.023.259</b>

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Audited Consolidated Financial Statements as of 31 December 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

## 5. RELATED PARTY DISCLOSURES (cont'd)

Transactions with related parties	1 January – 31 December 2020						
	Purchases	Sales	Interest received	Interest paid	Fixed asset purchases	Other income	Other expenses
<b>Ultimate partner</b>							
Ordu Yardımlaşma Kurumu (OYAK)	1.137.974	-	-	-	-	-	86.693
<b>Partner</b>							
OYAK Çimento A.Ş. (1)	-	-	1.823.252	-	-	16.081.335	46.620.050
<b>Other companies managed by the ultimate parent</b>							
Akdeniz Chemson Kimya San. Ve Tic. A.Ş.	252.170	-	-	-	-	-	-
Cimpor Industria De Cimentos SA	-	10.021.241	-	-	-	-	-
Doco Petrol ve Danışmanlık A.Ş.	17.862.030	-	-	-	-	-	-
Erdemir Çelik Servis Merkezi an. Ve Tic A.Ş.	-	-	-	-	-	2.463	-
Hektaş Ticaret T. A.Ş.	46.512	-	-	-	-	-	-
OYAK İnşaat A.Ş.	13.130	15.778.496	-	-	125.000	-	-
Omsan Lojistik A.Ş.	-	-	-	-	-	-	-
Oyka Kağıt Ambalaj San. Ve Tic. A.Ş. (2)	60.775.710	-	-	-	-	-	5.683
İskenderun Demir ve Çelik A.Ş.	38.070.341	13.070	-	83.457	-	-	2.553.597
İskenderun Enerji Üretim ve Tic.A.Ş.	1.738.302	-	-	-	-	-	-
Mais Motorlu Araçlar İmal ve Satış A.Ş.	233.697	-	-	-	389.804	-	-
OYAK Elektrik Enerjisi Toptan Satış A.Ş. (3)	304.435.413	-	-	-	-	5.843.708	-
Oytaş İç ve Dış Tic. A.Ş.	-	-	-	186.794	-	15.647	7.000
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (4)	18.295.112	-	-	-	-	427.765	-
OYAK Pazarlama Hizmet ve Turizm A.Ş. (5)	19.334.197	-	-	-	8.580.365	-	63.771
OYAK Savunma ve Güvenlik Sistemleri A.Ş. (6)	19.835.438	-	-	-	41.306	-	238.102
Omsan Denizcilik A.Ş.	19.049.777	-	-	-	-	-	5.260
Omsan Havacılık A.Ş.	4.311.281	-	-	-	-	-	-
Omsan Lojistik A.Ş. (7)	39.331.142	-	-	-	-	12.695	13.129
OYAK Grup Sigorta ve Reasürans Brokerliği A.Ş.(8)	-	-	-	-	-	-	12.799.507
OYAK Yatırım Menkul Değerler A.Ş.	369.240	-	-	-	-	-	-
Güzel Enerji Yakıt A.Ş. (9)	1.249.558	-	-	-	-	-	-
<b>Other companies managed by the parent</b>							
Denizli Çimento A.Ş. (10)	34.145.685	286.201	-	-	-	2.397.023	2.652.801
Cimpor Cote d'Ivoire SARL	-	9.881.706	-	-	-	-	-
	580.486.709	35.980.714	1.823.252	270.251	9.136.475	24.780.636	65.045.593

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Audited Consolidated Financial Statements as of 31 December 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

## 5. RELATED PARTIES (cont'd)

**Disclosures related to transactions with related parties for the period 1 January – 31 December 2021 are as follows:**

- (1) Purchase from OYAK Çimento A.Ş. consists of reflection amounts of other income and other expenses.
- (2) Purchases from OYKA Kağıt Ambalaj San. ve Tic. A.Ş. consist of purchase of paper bag used in bagged cement sales.
- (3) Purchases of OYAK Elektrik Enerjisi Toptan Satış A.Ş. consist of purchase of electricity energy.
- (4) Purchases of Ereğli Demir Çelik Fabrikaları T.A.Ş., İskenderun Enerji Üretim Tic. A.Ş. consist of purchases of raw material.
- (5) Purchases from OYAK Pazarlama Hizmet ve Turizm A.Ş. consists of accommodation, transportation, construction and cleaning services.
- (6) Purchases of OYAK Savunma ve Güvenlik Hizmetleri A.Ş consist of security services.
- (7) Purchases of Omsan Lojistik A.Ş., Omsan Denizcilik A.Ş. consist of transportation service.
- (8) Purchases from OYAK Grup Sigorta A.Ş. consist of insurance services.
- (9) Purchases of Güzel Enerji Yakıt A.Ş. consist of fuel purchases.
- (10) Purchases of Denizli Çimento A.Ş. consist of cement purchased for ready mixed concrete.
- (11) Purchases of Doco Petrol ve Danışmanlık A.Ş. consist of fuel purchases.
- (12) Purchases of İskenderun Demir ve Çelik A.Ş. consist of purchases of raw material.
- (13) Purchases of Omsan Denizcilik A.Ş. consist of transportation services.
- (14) Purchases of Omsan Havacılık A.Ş. consist of transportation services.
- (15) Purchases of Kümaş Manyezit Sanayi A.Ş. consist of brick purchases.
- (16) Sale to Cimpor Cote d'Ivoire SARL consist of cement & slag sales.
- (17) Other sales to Cimpor Cameroon SA consist of trans-mixer and pump sales.

**Disclosures related to transactions with related parties for the period 1 January – 31 December 2020 are as follows:**

- (1) Purchase from OYAK Çimento A.Ş. consists of reflection amounts of other income and other expenses.
- (2) Purchases from OYKA Kağıt Ambalaj San. ve Tic. A.Ş. consist of purchase of paper bag used in bagged cement sales.
- (3) Purchases of OYAK Elektrik Enerjisi Toptan Satış A.Ş. consist of purchase of electricity energy.
- (4) Purchases of Ereğli Demir Çelik Fabrikaları T.A.Ş., İskenderun Enerji Üretim Tic. A.Ş. consist of purchases of raw material.
- (5) Purchases from OYAK Pazarlama Hizmet ve Turizm A.Ş. consists of accommodation, transportation, construction and cleaning services.
- (6) Purchases of OYAK Savunma ve Güvenlik Hizmetleri A.Ş consist of security services.
- (7) Purchases of Omsan Lojistik A.Ş., Omsan Denizcilik A.Ş. consist of transportation service.
- (8) Purchases from OYAK Grup Sigorta A.Ş. consist of insurance policies.
- (9) Purchases of Güzel Enerji Yakıt A.Ş. consist of fuel purchases.
- (10) Purchases of Denizli Çimento A.Ş. consist of cement purchased for ready mixed concrete.



# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 6. TRADE RECEIVABLES AND PAYABLES

#### a) Trade Receivables

The details of the Group's trade receivables as of the balance sheet date are as follows:

<b>Short-term trade receivables</b>	<b>31 December 2021</b>	31 December 2020
Trade receivables	<b>1.110.636.399</b>	847.622.629
Notes receivable	<b>122.114.834</b>	140.056.465
Trade receivables from related parties (Note:5)	<b>129.697.429</b>	18.472.262
Allowance for doubtful trade receivables and expected credit loss (-) receivables (-)	<b>(116.822.274)</b>	(80.014.556)
	<b>1.245.626.388</b>	926.136.800

Although the collection period of trade receivables varies depending on the type of product and the contracts made with the customer, the average is 2 months (31 December 2020: 2 months).

The Group has receivables of TL 177.929.898 (31 December 2020: TL 127.229.200) as of 31 December 2021, which are overdue but not impaired, and there is guarantee amounting to TL 72.677.410 (31 December 2020: TL 89.100.101) (Note: 32).

As of 31 December 2021, there are receivables from customers who declared concordat amounting to TL 40.070.277 (31 December 2020: TL 65.082.907) and a guarantee, amounting to TL 60.424.000 (31 December 2020: TL 63.660.292). These guarantees consist of pledges of real estates and vehicles. In addition, there are mine licenses amounting to TL 20.000.000 that have been under mortgage for the receivables after the date of concordat, and the process to extend the term of these licenses is ongoing.

Explanations on the nature and level of risks in trade receivables are given in Note 32.

As of 31 December 2021, an allowance for doubtful trade receivables and expected credit loss amounting to TL 116.822.274 (31 December 2020: TL 80.014.556) has been set.

The movement table of the allowance for doubtful trade receivables and expected credit loss is as follows:

<b>Movements of allowance for doubtful trade receivables and expected credit loss</b>	<b>1 January- 31 December 2021</b>	1 January- 31 December 2020
Opening balance	<b>(80.014.556)</b>	(71.270.241)
Period charge of allowance for doubtful receivables	<b>(17.590.558)</b>	(2.126.996)
Period charge of expected credit loss	<b>(19.421.155)</b>	(6.769.852)
Provisions released	-	82.533
Collections	<b>203.995</b>	70.000
Closing balance	<b>(116.822.274)</b>	(80.014.556)

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 6. TRADE RECEIVABLES AND PAYABLES (cont'd)

#### b) Trade Payables

The details of the Group's trade payables as of the balance sheet date are as follows:

<b>Short-term trade payables</b>	<b>31 December 2021</b>	31 December 2020
Trade payables	<b>839.203.487</b>	466.651.448
Trade payables to related parties (Note:5)	<b>174.973.672</b>	135.632.596
Notes payable	-	4.305.000
	<b>1.014.177.159</b>	606.589.044

The average payment term of trade payables related to the purchase of goods is 3 months (2020: 2 months).

### 7. OTHER RECEIVABLES AND PAYABLES

#### a) Other Receivables

<b>Other Short-term Receivables</b>	<b>31 December 2021</b>	31 December 2020
Deposits and guarantees given	<b>36.585</b>	7.169.760
Receivables from the tax office	<b>1.060.373</b>	3.365.812
Other	<b>3.954.933</b>	2.047.380
Non-trade receivables from related parties (Note: 5)	<b>14.594.486</b>	-
Due from personnel	<b>16.926</b>	256.224
Allowance for other doubtful receivables (-)	<b>(596.728)</b>	(596.728)
	<b>19.066.575</b>	12.242.448

  

<b>Other Long-term Receivables</b>	<b>31 December 2021</b>	31 December 2020
Deposits and guarantees given	<b>4.980.297</b>	2.988.820
Other receivables from related parties (Note: 5)	-	-
	<b>4.980.297</b>	2.988.820

Explanations on the nature and level of risks in other receivables are given in Note 32.

The movement of allowance for other doubtful receivables is as follows:

<b>Movements of provision for other doubtful receivables</b>	<b>1 January- 31 December 2021</b>	1 January- 31 December 2020
Opening balance	<b>(596.728)</b>	(596.728)
Closing balance	<b>(596.728)</b>	(596.728)

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 7. OTHER RECEIVABLES AND PAYABLES (cont'd)

#### b) Other Payables

<b>Other Short-term Payables</b>	<b>31 December 2021</b>	31 December 2020
Taxes and funds payable	<b>6.512.426</b>	6.005.030
Deposits and guarantees received	<b>10.652.691</b>	9.012.119
Non-trade payables to related parties (Note 5)	<b>3.685.898</b>	3.342.306
Other	<b>1.043.336</b>	1.612.647
	<b>21.894.351</b>	19.972.102

### 8. INVENTORIES

	<b>31 December 2021</b>	31 December 2020
Raw materials	<b>426.311.119</b>	258.659.748
Work in progress inventory	<b>161.621.085</b>	58.543.873
Finished goods	<b>42.437.158</b>	22.854.590
Trade goods	<b>287.035</b>	2.304.929
Impairment on inventories	<b>(2.053.625)</b>	(2.053.625)
Goods in transit (*)	<b>137.157.903</b>	9.502.485
Other inventories	<b>3.632.318</b>	2.618.450
	<b>769.392.993</b>	352.430.450

(\*) As of 31 December 2021 and 2020, goods in transit balance is due to purchased petroccke stocks.

### 9. PREPAID EXPENSES AND DEFERRED INCOME

#### a) Prepaid Expenses

<b>Short-term Prepaid Expenses</b>	<b>31 December 2021</b>	31 December 2020
Order advances given for inventory purchase	<b>38.708.988</b>	58.316.751
Prepaid insurance	<b>20.991.861</b>	14.233.659
Prepaid expenses	<b>7.363.440</b>	3.187.204
	<b>67.064.289</b>	75.737.614

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 9. PREPAID EXPENSES AND DEFERRED INCOME (cont'd)

#### a) Prepaid Expenses (cont'd)

<b>Long-term Prepaid Expenses</b>	<b>31 December 2021</b>	31 December 2020
Prepaid expenses	-	10.876
Advances given for fixed asset purchase	<b>37.873.147</b>	6.840.390
	<b>37.873.147</b>	6.851.266

#### b) Deferred Income

<b>Short-term Deferred Income</b>	<b>31 December 2021</b>	31 December 2020
Order advances received	<b>51.918.550</b>	22.706.966
Deferred income	<b>5.225.923</b>	176.903
	<b>57.144.473</b>	22.883.869

<b>Long-term Deferred Income</b>	<b>31 December 2021</b>	31 December 2020
Deferred income	<b>4.030.108</b>	239.771
	<b>4.030.108</b>	239.771

### 10. INVESTMENT PROPERTIES

<b>Cost Value</b>	<b>Land</b>	<b>Land Improvements</b>	<b>Buildings</b>	<b>Total</b>
Opening balance as of 1 January 2021	<b>20.579.155</b>	<b>9.247.981</b>	<b>3.805.201</b>	<b>33.632.337</b>
Transfer	<b>(5.489.519)</b>	<b>(5.367.664)</b>	<b>(2.864.703)</b>	<b>(13.721.886)</b>
Closing balance as of 31 December 2021	<b>15.089.636</b>	<b>3.880.317</b>	<b>940.498</b>	<b>19.910.451</b>
<b>Accumulated Depreciation</b>				
Opening balance as of 1 January 2021	-	<b>(2.667.239)</b>	<b>(1.010.830)</b>	<b>(3.678.069)</b>
Charge for the period	-	<b>(419.152)</b>	<b>(138.351)</b>	<b>(557.503)</b>
Transfer	-	<b>1.317.340</b>	<b>702.613</b>	<b>2.019.953</b>
Closing balance as of 31 December 2021	-	<b>(1.769.051)</b>	<b>(446.568)</b>	<b>(2.215.619)</b>
<b>Net carrying value as of 31 December 2021</b>	<b>15.089.636</b>	<b>2.111.266</b>	<b>493.930</b>	<b>17.694.832</b>

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 10. INVESTMENT PROPERTIES (cont'd)

<b>Cost Value</b>	<b>Land</b>	<b>Land Improvements</b>	<b>Buildings</b>	<b>Total</b>
Opening balance as of 1 January 2020	22.851.157	9.247.981	3.805.201	35.904.339
Disposals (-)	(2.272.002)	-	-	(2.272.002)
Closing balance as of 31 December 2020	20.579.155	9.247.981	3.805.201	33.632.337
<b>Accumulated Depreciation</b>				
Opening balance as of 1 January 2020	-	(2.311.875)	(895.465)	(3.207.340)
Charge for the period	-	(355.364)	(115.365)	(470.729)
Closing balance as of 31 December 2020	-	(2.667.239)	(1.010.830)	(3.678.069)
<b>Net carrying value as of 31 December 2020</b>	<b>20.579.155</b>	<b>6.580.742</b>	<b>2.794.371</b>	<b>29.954.268</b>

All depreciation charges are included in the expenses from investment activities (Note: 25).

#### Fair value measurements of the Group's investment properties

As of 31 December 2021, the fair value of the investment properties of the Group is determined by independent valuation company Başkent Taşınmaz Değerleme A.Ş. authorized by the CMB, provide real estate valuation services in accordance with the capital market legislation and have sufficient experience and quality in measuring the fair value of properties in the relevant regions. The fair value of the investment properties owned was determined according to the market comparative approach, which reflects the current transaction prices for similar properties for lands, and the cost formation approach for land improvements and buildings.

The rental income generated by the Group for its investment properties is disclosed in Note 25.

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 10. INVESTMENT PROPERTIES (cont'd)

As of 31 December 2021 and 31 December 2020, the Group's investment properties and the fair value hierarchy of these assets are presented in the table below:

	31 December 2021	Fair value level as of reporting period		
		Level 1 TL	Level 2 TL	Level 3 TL
Investment land	266.589.010	-	266.589.010	-
Investment land improvements	2.556.681	-	2.556.681	-
Investment buildings	2.093.000	-	2.093.000	-

  

	31 December 2020	Fair value level as of reporting period		
		Level 1 TL	Level 2 TL	Level 3 TL
Investment land	262.369.894	-	262.369.894	-
Investment land improvements	3.831.500	-	3.831.500	-
Investment buildings	8.423.235	-	8.423.235	-

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## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 11. PROPERTY, PLANT AND EQUIPMENT

	Lands	Land improvements	Buildings	Plant, machinery and equipment	Vehicles	Fixtures and furniture	Leasehold Improvements	Construction in progress	Total
<b><u>Cost Value</u></b>									
1 January 2021	179.675.755	182.148.153	637.878.523	2.686.948.329	143.637.786	96.533.406	46.137.941	109.639.227	4.082.599.120
Additions	1.412.500	2.611.650	9.746.657	5.075.904	1.191.029	215.403	1.932.223	284.625.740	306.811.106
Transfers	7.487.436	6.044.889	6.667.707	146.592.961	32.087.692	3.417.311	2.559.312	(192.355.041)	12.502.266
Transfer to Assets Held for Sale	-	-	(2.216.815)	(28.696.260)	-	-	-	-	(30.913.075)
Disposals	-	-	-	(383.530)	(1.262.823)	(66.263)	-	-	(1.712.616)
Translation differences	-	-	28.281.860	6.814.632	455.988	110.253	-	-	35.662.734
<b>31 December 2021</b>	<b>188.575.691</b>	<b>190.804.692</b>	<b>680.357.932</b>	<b>2.816.352.036</b>	<b>176.109.672</b>	<b>100.210.110</b>	<b>50.629.476</b>	<b>201.909.926</b>	<b>4.404.949.535</b>
<b><u>Accumulated Depreciation</u></b>									
1 January 2021	-	(112.609.243)	(285.070.225)	(1.649.049.662)	(87.944.611)	(76.759.597)	(36.041.391)	-	(2.247.474.729)
Charge for the period	-	(9.768.141)	(16.732.926)	(123.803.600)	(10.648.312)	(3.926.587)	(2.469.131)	-	(167.348.697)
Disposals	-	-	-	128.816	923.514	4.068	-	-	1.056.398
Transfers	-	(1.317.340)	(702.613)	-	-	-	-	-	(2.019.953)
Transfer to Assets Held for Sale	-	-	911.327	28.737.403	-	-	-	-	29.648.729
Translation differences	-	-	(10.253.756)	(7.439.299)	(314.118)	(104.044)	-	-	(18.111.216)
<b>31 December 2021</b>	<b>-</b>	<b>(123.694.724)</b>	<b>(311.848.193)</b>	<b>(1.751.426.342)</b>	<b>(97.983.527)</b>	<b>(80.786.160)</b>	<b>(38.510.522)</b>	<b>-</b>	<b>(2.404.249.467)</b>
<b>Net carrying value as of 31 December 2021</b>	<b>188.575.691</b>	<b>67.109.968</b>	<b>368.509.739</b>	<b>1.064.925.694</b>	<b>78.126.145</b>	<b>19.423.950</b>	<b>12.118.954</b>	<b>201.909.926</b>	<b>2.000.700.068</b>

Distribution for depreciation charge of property, plant and equipment is disclosed in Note 23. There is no mortgage or pledge on the property, plant and equipment of the Group as of 31 December 2021.

In 2021, there is no borrowing costs capitalized on the property, plant and equipment.

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Lands	Land improvements	Buildings	Plant, machinery and equipment	Vehicles	Fixtures and furniture	Leasehold Improvements	Construction in progress	Total
<b>Cost Value</b>									
1 January 2020	171.052.867	174.530.147	542.406.409	2.391.503.631	108.737.440	94.749.631	44.570.975	236.882.083	3.764.433.183
Additions	-	-	400.000	3.620.448	36.013.403	250.321	1.566.966	273.681.170	315.532.308
Transfers	8.622.888	7.618.006	84.740.645	289.443.076	218.587	1.500.425	-	(400.924.026)	(8.780.399)
Disposals	-	-	(429.165)	(2.352.781)	(1.511.185)	(3.477)	-	-	(4.296.608)
Translation differences	-	-	10.760.634	4.733.955	179.541	36.506	-	-	15.710.636
<b>31 December 2020</b>	<b>179.675.755</b>	<b>182.148.153</b>	<b>637.878.523</b>	<b>2.686.948.329</b>	<b>143.637.786</b>	<b>96.533.406</b>	<b>46.137.941</b>	<b>109.639.227</b>	<b>4.082.599.120</b>
<b>Accumulated Depreciation</b>									
1 January 2020	-	(102.907.394)	(266.934.017)	(1.543.404.875)	(77.700.337)	(70.943.944)	(33.404.464)	-	(2.095.295.031)
Charge for the period	-	(9.701.849)	(14.058.854)	(105.731.735)	(11.335.223)	(5.795.353)	(2.636.927)	-	(149.259.941)
Additions	-	-	-	2.352.781	1.236.211	3.477	-	-	3.592.469
Translation differences	-	-	(4.077.354)	(2.265.833)	(145.262)	(23.777)	-	-	(6.512.226)
<b>31 December 2020</b>	<b>-</b>	<b>(112.609.243)</b>	<b>(285.070.225)</b>	<b>(1.649.049.662)</b>	<b>(87.944.611)</b>	<b>(76.759.597)</b>	<b>(36.041.391)</b>	<b>-</b>	<b>(2.247.474.729)</b>
<b>Net carrying value as of 31 December 2020</b>									
	179.675.755	69.538.910	352.808.298	1.037.898.667	55.693.175	19.773.809	10.096.550	109.639.227	1.835.124.391

Distribution for depreciation charge of property, plant and equipment is disclosed in Note 23.. There is no mortgage or pledge on the property, plant and equipment of the Group as of 31 December 2020.

In 2020, the borrowing costs capitalized on the property, plant and equipment was amounting to TL 9.412.946.



# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 12. INTANGIBLE ASSETS

#### a) Other Intangible Assets

	Rights	Development expenses	Computer Software and Other Intangible Assets (*)	Total
<b>Cost</b>				
Opening balance as of 1 January 2021	23.431.016	360.502	91.097.497	114.889.015
Additions	-	-	1.000.726	1.000.726
Transfers from Constructions in Progress	24.142	-	1.195.478	1.219.620
Closing Balance as of 31 December 2021	23.455.158	360.502	93.293.701	117.109.361
<b>Accumulated Amortization</b>				
Opening balance as of 1 January 2021	(11.497.940)	(360.502)	(27.029.769)	(38.888.211)
Charge for the Period	(4.862.301)	-	(4.891.712)	(9.754.013)
Closing Balance as of 31 December 2021	(16.360.241)	(360.502)	(31.921.481)	(48.642.224)
<b>Net Book Value as of 31 December 2021</b>	<b>7.094.917</b>	<b>-</b>	<b>61.372.220</b>	<b>68.467.137</b>
<b>Cost</b>				
Opening balance as of 1 January 2020	20.629.439	360.502	78.143.709	99.133.650
Additions	2.722.299	-	4.252.667	6.974.966
Transfers from Constructions in Progress	79.278	-	8.701.121	8.780.399
Closing Balance as of 31 December 2020	23.431.016	360.502	91.097.497	114.889.015
<b>Accumulated Amortization</b>				
Opening balance as of 1 January 2020	(10.014.388)	(360.502)	(23.059.865)	(33.434.755)
Charge for the Period	(1.483.552)	-	(3.969.904)	(5.453.456)
Closing Balance as of 31 December 2020	(11.497.940)	(360.502)	(27.029.769)	(38.888.211)
<b>Net Book Value as of 31 December 2020</b>	<b>11.933.076</b>	<b>-</b>	<b>64.067.728</b>	<b>76.000.804</b>

(\*) Other intangible assets consist discounted future costs related to rehabilitation of mine areas. As of 31 December 2021, the Group has no finance cost capitalized on mine license rights (31 December 2020: None).

Distribution of amortization of intangible assets are disclosed in Note 23.

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 12. INTANGIBLE ASSETS (cont'd)

#### b) Goodwill

	<b>31 December 2021</b>	31 December 2020
Beginning of the period	<b>7.062.941</b>	7.062.941
<b>Closing value</b>	<b>7.062.941</b>	7.062.941

As of 31 December 2021 and 2020, goodwill amounting to TL 7.062.941 carried in the consolidated financial statements is related to the acquisition of İskenderun İşletmesi economic entity from Oysa Çimento Sanayi ve Ticaret A.Ş. on 30 April 2007. As of 31 December 2021, discounted cash flow estimation until 2026 which is estimated to be the end of the average useful lives of the fixed assets related to the goodwill has been made in TL for the impairment test of the goodwill. The rate of the Weighted Average Capital Cost (WACC) used in the valuation is 28,50% (31 December 2020 – 18,50%). The Group has determined that there is no impairment on goodwill as a result of the impairment test.

### 13. RIGHT-OF-USE ASSETS

As of 31 December 2021 and 2020, the Group's right-of-use assets obtained by leasing are as follows:

	<b>Port Usage Right</b>	<b>Land</b>	<b>Vehicles</b>	<b>Machinery and equipment</b>	<b>Total</b>
<b>Cost Value</b>					
Opening balance as of 1 January 2021	<b>1.910.796</b>	<b>3.047.209</b>	<b>8.945.839</b>	<b>17.065.011</b>	<b>30.968.855</b>
Additions	<b>1.154.170</b>	<b>876.625</b>	<b>6.394.626</b>	<b>16.572.805</b>	<b>24.998.226</b>
<b>Closing balance as of 31 December 2021</b>	<b>3.064.966</b>	<b>3.923.834</b>	<b>15.340.465</b>	<b>33.637.816</b>	<b>55.967.081</b>
<b>Accumulated Amortization</b>					
Opening balance as of 1 January 2021	<b>(155.511)</b>	<b>(1.044.053)</b>	<b>(5.985.052)</b>	<b>(6.992.382)</b>	<b>(14.176.998)</b>
Charge for the period	<b>(76.630)</b>	<b>(1.088.612)</b>	<b>(3.211.680)</b>	<b>(12.724.484)</b>	<b>(17.101.406)</b>
<b>Closing balance as of 31 December 2021</b>	<b>(232.141)</b>	<b>(2.132.665)</b>	<b>(9.196.732)</b>	<b>(19.716.866)</b>	<b>(31.278.404)</b>
<b>Net carrying value as of 31 December 2021</b>	<b>2.832.825</b>	<b>1.791.169</b>	<b>6.143.733</b>	<b>13.920.950</b>	<b>24.688.677</b>

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 13. RIGHT-OF-USE ASSETS (cont'd)

	Port Usage Right	Land	Vehicles	Machinery and equipment	Total
<b>Cost Value</b>					
Opening balance as of 1 January 2020	655.884	3.047.209	7.239.465	9.656.053	20.598.611
Additions	1.254.912	-	1.706.374	7.408.958	10.370.244
<b>Closing balance as of 31 December 2020</b>	<b>1.910.796</b>	<b>3.047.209</b>	<b>8.945.839</b>	<b>17.065.011</b>	<b>30.968.855</b>
<b>Accumulated Amortization</b>					
Opening balance as of 1 January 2020	(134.123)	(832.696)	(3.179.454)	(611.941)	(4.758.214)
Charge for the period	(21.388)	(211.357)	(2.805.598)	(6.380.441)	(9.418.784)
<b>Closing balance as of 31 December 2020</b>	<b>(155.511)</b>	<b>(1.044.053)</b>	<b>(5.985.052)</b>	<b>(6.992.382)</b>	<b>(14.176.998)</b>
<b>Net carrying value as of 31 December 2020</b>	<b>1.755.285</b>	<b>2.003.156</b>	<b>2.960.776</b>	<b>10.072.629</b>	<b>16.791.857</b>
<b>Charged to profit or loss</b>					
			<b>1 January - 31 December 2021</b>	<b>1 January- 31 December 2020</b>	
Depreciation amount of right-of-use assets			<b>17.101.406</b>	9.418.784	
Lease liabilities interest expense			<b>6.071.112</b>	2.728.917	

Distribution of amortization of right-of-use assets is explained in Note 23.

### 14. GOVERNMENT INCENTIVES AND GRANTS

Within the scope of the Regional Investment Incentive, Bolu Çimento can deduct 40% of its investment expenditures related with the new investment, with a discount rate of 80% from tax base in accordance with the legislation provisions. Accordingly, Bolu Çimento deducted the investment incentive amounting to TL 11.664.115 (31 December 2020: 8.571.582 TL) out of TL 23.947.528 on the investment certificate from the tax base until 31 December 2021 within the scope of the Regional Investment Incentive Certificate.

Aslan Çimento has obtained the Investment Incentive Certificate dated 2 May 2013 for the investment of Electric-Energy Generation from Waste Flue Gas Heat. The Certificate was revised in 2014 considering the "5th Region Incentives" due to the fact that the investment subject is among the "Priority Investment Subjects" according to the article 2/k of the Council of Ministers Decree No. 2014/6058 about the State Aid for Investments reorganizing the investment incentive system. The rate of contribution to investment is 40%. Expenses related to the Certificate were completed and customs duty exemption, VAT exemption, interest support and discount tax rate support elements were utilized. Within the scope of the investment incentive certificate received for the investment of Electric Energy Production from Waste Flue Gas Heat at Aslan Çimento, the investment amount is TL 37.701.688, and the investment contribution amount is TL 15,080,675. As of 31 December 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014, contribution amount to the investment benefited is TL 6.014.424, TL 1.747.899, TL 561.401, TL 1.700.281, TL 1.207.381, TL 794.729, TL 265.138 and TL 7.369.685, respectively.

At Aslan Çimento, an investment incentive certificate dated 21 February 2019 and numbered 502785 was received for clinker production line modernization and energy efficiency investment, and the relevant investment was completed on 30 September 2020. The actual investment expenditure realized from the beginning of the investment is TL 117.995.483. The total investment contribution amount utilized in the current period due to the earnings from the investment was TL 7.248.213 (31 December 2020: TL 2.516.363).

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### 14. GOVERNMENT INCENTIVES AND GRANTS (cont'd)

The Group benefits from incentives numbered 46486, 56586 and 66486. In the regulation made in Article 81 of the Social Insurance and General Health Insurance Law No. 5510 with the Law No. 6486 published in the Official Gazette dated May 29, 2013 and numbered 28661; Supplement to the Decision of the Council of Ministers dated 30/5/2013 and numbered 2013/4966 on the Additional Points to be Applied on the Lower Limit of Earnings Based on the Insurance Premium, the Provinces to which Additional Points will be Applied and the Implementation Period, Pursuant to the Second Paragraph of Article 81 of the Social Insurance and General Health Insurance Law No. 5510 It has been decided that the employer's support of 6 points of insurance premium will be covered by the treasury for workers employed in private sector workplaces in 51 provinces included in the decision. This incentive expired on 31 December 2021 and a decision on whether to extend it to 2022 is awaited.

The Group benefits from the incentive law numbered 6111. This incentive law aiming to increase the participation and employment of women and young people in the workforce, to encourage the creation of new employment, to encourage vocational and technical education, to increase the quality and effectiveness, the premium incentive has been rearranged with the Restructuring of Some Claims No. 6111 and Social Insurance and General Health Insurance. It has been rearranged with the provisional article 10 added to the Law No. 4447 with the Article 74 of the Law on Amending the Law and Some Other Laws and Decree-Laws.

Within the framework of the Social Insurance and General Health Insurance Law No.5510, a discount of 5 (five) points is taken from the employer's share of the invalidity, old - age and death insurance premium, in addition to the With the official gazette published on Wednesday, July 28, 2021, in the monthly premium and service documents submitted to the Institution for the same month of 2020, or in the concise and premium service declarations, the total number of premium payment days of the insured, whose daily earnings subject to premium is reported as 147 Turkish lira or less, shall be paid for the current month in 2021. the total number of premium payment days for the insured persons reported in the monthly premium and service documents issued or in the concise and premium service declarations, and the total number of premium payment days for the insured persons notified from the workplaces included in the scope of this Law for the first time in 2021, for the period January to December 2021. The amount to be found by multiplying by 2,50 Turkish liras is deducted from the insurance premiums to be paid by these employers to the institution and this amount is covered by the Unemployment Insurance Fund. In our facilities that meet these conditions, incentives are used under the name of minimum wage support.

Also, Article 30 of the Labor Law No. 4857 has been amended by Article 2 of the Law No. 5763 "Amendments to the Labor Law and Certain Laws"; accordingly, within the scope of the matters disclosed by the circular dated 19 August 2008 and numbered 2008-77 on "Employment of Disabled Persons" published by the Department of Premium Collection of General Directorate of Social Security Institution within the Directorate of Social Security Institution of the Republic of Turkey, the insurance premium employer shareholding incentive is utilised. The 100% of the insurance premium employer shareholding calculated from the lower benchmark amount of the insurance base remuneration of the insured disabled persons employed in the Group is covered by the Treasury.

Unemployment insurance employer's share of employees in workplaces that are in the very dangerous class within the scope of the Occupational Health and Safety Law dated 20 June 2012 and numbered 6331, have more than ten employees and have not resulted in death or permanent incapacity for work within three years, will be valid from the next calendar year as an incentive. and is taken as 1% for three years. In the event of an occupational accident resulting in death or permanent incapacity for work, this incentive application is terminated as of the following month. The Group has met the conditions stipulated in this paragraph in some workplaces and benefited from the 1% unemployment reduction that fell during the accrual.

The Group benefits from the incentive law numbered 17103 and 27103 under the subject of additional employment. It is implemented within the scope of temporary 19th and 21st articles of Law No. 4447.

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(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 15. BORROWINGS

	<b>31 December 2021</b>	31 December 2020
<b>Short-term borrowings</b>		
Bank loans	<b>124.276.649</b>	404.793.317
Short-term portion of issued debt instruments	<b>8.668.309</b>	302.471.692
Short-term portion of long-term borrowings	<b>5.000.000</b>	94.759.239
Short-term portion of lease liabilities (net)	<b>7.888.532</b>	8.250.423
	<b>145.833.490</b>	810.274.671
<b>Long-term borrowings</b>		
Long-term bank loans	-	5.000.004
Debt instruments issued	<b>300.000.000</b>	-
Long-term payables due to lease liabilities (net)	<b>21.197.169</b>	14.055.017
	<b>321.197.169</b>	19.055.021
<b>Total Borrowings</b>	<b>467.030.659</b>	829.329.692

The details of bank loans are as follows:

Currency	Weighted average interest rate	31 December 2021	
		Short-term	Long-term
TL	14,74%	<b>129.276.649</b>	-
		<b>129.276.649</b>	-

Currency	Weighted average interest rate	31 December 2020	
		Short-term	Long-term
TL	11,44%	418.426.498	5.000.004
USD	1,05%	73.405.000	-
Euro	EURIBOR+3,5%	7.721.057	-
		499.552.555	5.000.004

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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### 15. BORROWINGS (cont'd)

The repayment schedule of the bank loans of the Group as of 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
Payable within 1 year	129.276.649	499.552.555
Payable within 1 - 2 years	-	5.000.004
Payable within 2 - 3 years	-	-
Payable within 3 - 4 years	-	-
	<b>129.276.649</b>	<b>504.552.559</b>

The details of issued debt instruments are as follows:

Currency	Weighted average interest rate	31 December 2021	
		Short-term	Long-term (*)
TL	TLREF+1,35%	8.668.309	300.000.000
		<b>8.668.309</b>	<b>300.000.000</b>

Issued debt instruments have quarterly coupon payments with due date of 31 October 2023. The effective interest rate as of 31 December 2021 is 16,77%.

Currency	Weighted average interest rate	31 December 2020	
		Short-term	Long-term
TL	TLREF+0,80%	119.893.286	-
TL	TLREF+0,85%	130.853.562	-
TL	TLREF+2,00%	51.724.844	-
		<b>302.471.692</b>	<b>-</b>

Issued debt instrument outstanding as of 31 December 2020 has quarterly coupon payments with due dates of 11 January 2021, 18 June 2021 and 5 July 2021. The interest rate is between 13,92%-17,12% as of 31 December 2020.

The repayment schedule of the Group for debt instruments issued as of 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
Payable within 1 year	8.668.309	302.471.692
Payable within 1 - 2 years	300.000.000	-
	<b>308.668.309</b>	<b>302.471.692</b>

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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### 15. BORROWINGS (cont'd)

As of 31 December 2021 and 31 December 2020, movement of the borrowings (excluding lease payables) is as follows:

	<b>1 January- 31 December 2021</b>	1 January- 31 December 2020
Opening balance	<b>807.024.252</b>	753.100.754
Interest expense	<b>98.941.019</b>	113.759.457
Interest paid	<b>(100.031.547)</b>	(119.884.364)
Capitalized interest	-	9.412.946
Foreign exchange differences	-	611.379
Cash inflows from issued debt instruments	<b>300.000.000</b>	-
Repayments of debt instruments issued	<b>(296.000.000)</b>	(75.000.000)
Cash inflows due to new loans	<b>438.658.304</b>	1.286.981.597
Loans repayments	<b>(810.647.070)</b>	(1.161.957.517)
	<b>437.944.958</b>	807.024.252

### 16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

#### a) Provisions

<b>Short-term provisions</b>	<b>31 December 2021</b>	31 December 2020
Provision for royalty due to mines (*)	<b>12.238.824</b>	9.387.462
Provision for legal cases	<b>11.491.335</b>	10.983.101
Other short-term provisions (**)	<b>9.896.332</b>	13.688.243
	<b>33.626.491</b>	34.058.806

(\*) The amount of provision set for royalty to be paid to the Government for mines, that are paid in the sixth month of the subsequent year.

(\*\*) As of 31 December 2021 and 2020, majority of the other short-term provision balance is due to provision for revenue turnover premium.

As of 31 December 2021, the total risk of filed and ongoing lawsuits against the Group is approximately TL 13.451.135 (31 December 2020: TL 28.381.991) and a provision of TL 11.491.335 has been set for these cases (31 December 2020: TL 10.983.101).

<b>Long-term provisions</b>	<b>31 December 2021</b>	31 December 2020
Mining rehabilitation fee	<b>3.727.126</b>	5.276.074
Expense provision for adequate pay	<b>2.531.585</b>	5.440.998
	<b>6.258.711</b>	10.717.072

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

#### a) Provisions (cont'd)

The movement of short and long-term provisions as of 31 December 2021 and 31 December 2020 are presented below.

	Short-term			Long-term	
	Mining royalty provision	Provision for legal cases	Other	Rehabilitation provision	Adequate pay expense provision
1 January 2021	9.387.462	10.983.101	13.688.243	5.276.074	5.440.998
Additional provision	12.238.824	1.106.102	10.224.416	-	2.531.585
Payments during the period	(9.387.462)	(597.868)	(12.791.187)	-	(5.263.181)
Provision released	-	-	(1.225.140)	(1.548.948)	(177.817)
<b>31 December 2021</b>	<b>12.238.824</b>	<b>11.491.335</b>	<b>9.896.332</b>	<b>3.727.126</b>	<b>2.531.585</b>

	Short-term			Long-term	
	Mining royalty provision	Provision for legal cases	Other	Rehabilitation provision	Adequate pay expense provision
1 January 2020	7.991.422	10.315.922	4.500.310	3.804.217	4.311.517
Additional provision	6.935.217	831.712	9.187.933	1.471.857	1.129.481
Payments during the period	(5.539.177)	(51.188)	-	-	-
Provision released	-	(113.345)	-	-	-
<b>31 December 2020</b>	<b>9.387.462</b>	<b>10.983.101</b>	<b>13.688.243</b>	<b>5.276.074</b>	<b>5.440.998</b>

#### b) Contingent assets and liabilities

Contingent Assets	31 December 2021	31 December 2020
Letters of guarantee received from customers	756.112.466	499.897.048
Direct debiting system limit	408.034.829	186.827.731
Collateral mortgages received from customers	94.675.984	51.071.582
Checks, shares and pledges taken from customers	176.252.649	55.951.442
	<b>1.435.075.928</b>	<b>793.747.803</b>

The guarantees given by the Group are presented in the Note 17.



# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 17. COMMITMENTS

#### Guarantees-Pledges-Mortgages (“GPM”)

<b>31 December 2021</b>	<b>TL</b>	<b>US Dollar</b>	<b>Euro</b>	<b>Total TL</b>
A. Total Amount of GPMs Given for the Company’s Own Legal Personality	<b>182.134.381</b>	<b>20.258.613</b>	<b>1.719.884</b>	<b>204.112.878</b>
<i>-Guarantee</i>	<i>182.134.381</i>	<i>20.258.613</i>	<i>1.719.884</i>	<i>204.112.878</i>
B. Total Amount of GPMs Given on behalf of Fully Consolidated Companies	-	-	-	-
C. Total Amount of GPMs given in the Normal Course of Business Activities on Behalf of Third Parties	-	-	-	-
D. Total Amount of Other GPMs Given				
i. Total Amount of GPMs given on behalf of the parent	-	-	-	-
ii. Total Amount of GPMs given on behalf of other Group companies which are not in scope of B and C	-	-	-	-
iii. Total amount of GPMs given on behalf of third parties which are not in scope of C	-	-	-	-
<b>Total</b>	<b>182.134.381</b>	<b>20.258.613</b>	<b>1.719.884</b>	<b>204.112.878</b>

<b>31 December 2020</b>	<b>TL</b>	<b>US Dollar</b>	<b>Euro</b>	<b>Total TL</b>
A. Total Amount of GPMs Given for the Company’s Own Legal Personality	173.931.178	82.176.090	-	256.107.268
<i>-Guarantee</i>	<i>173.931.178</i>	<i>82.176.090</i>	<i>-</i>	<i>256.107.268</i>
B. Total Amount of GPMs Given on behalf of Fully Consolidated Companies	-	-	-	-
C. Total Amount of GPMs given in the Normal Course of Business Activities on Behalf of Third Parties	-	-	-	-
D. Total Amount of Other GPMs Given				
i. Total Amount of GPMs given on behalf of the parent	-	-	-	-
ii. Total Amount of GPMs given on behalf of other Group companies which are not in scope of B and C	-	-	-	-
iii. Total amount of GPMs given on behalf of third parties which are not in scope of C	-	-	-	-
<b>Total</b>	<b>173.931.178</b>	<b>82.176.090</b>	<b>-</b>	<b>256.107.268</b>

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

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 18. EMPLOYEE BENEFITS

#### Payables related to employee benefits

	31 December 2021	31 December 2020
Social security premiums payable	7.646.001	3.791.978
Personnel taxes payable	6.191.394	3.606.333
Due to personnel	2.496.119	1.937.404
	<b>16.333.514</b>	<b>9.335.715</b>

#### Short-term provisions for employee benefits

	31 December 2021	31 December 2020
Premiums and bonuses payable to personnel	27.450.000	15.300.000
	<b>27.450.000</b>	<b>15.300.000</b>

The movement of provision for personnel premium for the periods ended 31 December 2021 and 31 December 2020 are presented below;

	1 January - 31 December 2021	1 January - 31 December 2020
Provision as of 1 January	15.300.000	-
Provision made during the period	27.450.000	15.300.000
Payments made during the period	(15.300.000)	-
<b>Provision as of 31 December</b>	<b>27.450.000</b>	<b>15.300.000</b>

#### Long-term provisions for employee benefits

	31 December 2021	31 December 2020
Provision for employment termination benefit	125.952.372	75.574.314
Provision for senior labor incentive premium	44.948.023	25.115.202
Provision for unused vacation	9.048.277	5.602.204
	<b>179.948.672</b>	<b>106.291.720</b>

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 18. EMPLOYEE BENEFITS (cont'd)

#### Provision for retirement pay liability

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

The amount payable consists of one month's salary limited to a maximum of TL 8.248,51 for each period of service on 31 December 2021 (31 December 2020: TL 7.117,17).

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 *Employee Benefits* stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as of 31 December 2021, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

Provisions in the relevant balance sheet dates have been calculated using the rates in the table below.

<b>31 December 2021</b>	
Discount rate	19,00% (fixed)
Inflation rate	15,00% (fixed)
Salary increase	For the 1st part of 2022 %35, subsequent years reel 1,50%
Employment termination benefit ceiling increase	At the same rate as inflation

  

<b>31 December 2020</b>	
Discount rate	12,80% (fixed)
Inflation rate	8,50% (fixed)
Salary increase	Real 1,50%
Employment termination benefit ceiling increase	At the same rate as inflation

Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration as 1% - 11% for employees with 0-15 years of service, and 0% for those with 16 or more years of service. Ceiling amount of TL 10.596,74 which is in effect since 1 January 2022 is used in the calculation of Groups' provision for retirement pay liability (1 January 2021: TL 7.638,96).

Important estimates used in the calculation of employment termination benefits are discount rate, inflation rate and turnover probability.

- If the annual discount rate increases by 1%, employment termination benefit amount decreases by 7,9%.
- If the annual discount rate decreases by 1%, employment termination benefit amount increases by 9,2%.
- If the annual inflation rate increases by 1%, employment termination benefit amount increases by 9,5%.
- If the annual inflation rate decreases by 1%, employment termination benefit amount decreases by 8,3%.
- If the anticipated rate of resignation is utilized, employment termination benefit amount increased 3,3%.

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 18. EMPLOYEE BENEFITS (cont'd)

#### Long-term provisions for employee benefits (cont'd)

##### *Provision for employment termination benefit (cont'd)*

The movement of the provision for employment termination benefits for the periods ended as of 31 December 2021 and 31 December 2020 are presented below:

	1 January- 31 December 2021	1 January- 31 December 2020
Provision as of 1 January	75.574.314	64.929.496
Service cost	9.134.721	7.214.688
Interest cost	12.040.383	8.667.167
Employment termination benefits paid	(8.402.707)	(6.908.422)
Actuarial loss / gain	37.605.661	1.671.385
<b>Provision as of 31 December</b>	<b>125.952.372</b>	<b>75.574.314</b>

##### *Provision for seniority incentive premium*

The Group has a benefit paid to its personnel named as "Seniority Incentive Premium" who served over a definite year.

Provision for seniority incentive premium has been calculated by estimated value of the probable liability in in future where the personnel have right to be paid.

Seniority incentive premium as of 31 December 2021 has been arrived at on the basis of a valuation carried out by and independent valuer by using 'expected unit credit method'. Actuarial assumptions used are disclosed below.

The retirement pay liability is calculated with the assumption of discount rate, inflation rate and the probability of voluntary leaves.

- If the annual discount rate increases by 1%, seniority incentive premium amount decreases by 6,5%.
- If the annual discount rate decreases by 1%, seniority incentive premium amount increases by 7,2%.
- If the annual inflation rate increases by 1%, seniority incentive premium amount increases by 7,3%.
- If the annual inflation rate decreases by 1%, seniority incentive premium amount decreases by 6,6%.
- If the anticipated rate of resignation is utilized, seniority incentive premium amount increased 5,0%.

The movement of the seniority incentive premium provision for the period ended 31 December 2021 and 31 December 2020 are as follows:

	1 January- 31 December 2021	1 January - 31 December 2020
Provision as of 1 January	25.115.202	21.858.626
Service cost	3.463.609	2.846.540
Interest cost	4.065.267	2.870.747
Seniority incentive paid	(3.312.039)	(1.269.071)
Actuarial loss / gain	15.615.984	(1.191.640)
<b>Provision as of 31 December</b>	<b>44.948.023</b>	<b>25.115.202</b>

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 18. EMPLOYEE BENEFITS (cont'd)

#### Long-term provisions for employee benefits (cont'd)

##### *Provision for unused vacation*

The movement of provision for unused vacation for the period ended as of 31 December 2021 and 31 December 2020 are presented below:

	<b>1 January- 31 December 2021</b>	<b>1 January - 31 December 2020</b>
Provision as of 1 January	<b>5.602.204</b>	3.630.249
Used/expensed during the period, net	<b>(141.076)</b>	(1.863.115)
Provisions during the period	<b>4.001.908</b>	4.065.829
Paid (-)	<b>(414.759)</b>	(230.759)
<b>Provision as of 31 December</b>	<b>9.048.277</b>	5.602.204

### 19. OTHER ASSETS

	<b>31 December 2021</b>	31 December 2020
Deferred VAT	<b>21.584.302</b>	7.929.920
Business advances	<b>19.631</b>	237.291
Personnel advances	<b>262</b>	34.493
Other current assets	<b>107.207</b>	18.483
	<b>21.711.402</b>	8.220.187

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 20. SHAREHOLDER'S EQUITY

#### a) Paid-in capital

Paid-in capital structure of the Group as of 31 December 2021 and 31 December 2020 are as follows:

Shareholders	%	31 December 2021	%	31 December 2020
OYAK Çimento A.Ş.	73,25	849.507.227	73,25	849.507.227
Publicly traded	26,75	310.286.214	26,75	310.286.214
Nominal capital	100	1.159.793.441	100	1.159.793.441
<b>Total capital</b>		<b>1.159.793.441</b>		<b>1.159.793.441</b>
Inflation adjustment		134.868.176		134.868.176
<b>Adjusted capital</b>		<b>1.294.661.617</b>		<b>1.294.661.617</b>

The Company's capital as of 31 December 2021 consists of 115.979.344.100 shares (31 December 2020: 115.979.344.100 shares). The nominal value of the shares is TL 0,01 per share (31 December 2020: TL 0,01 per share).

An application was made to the Capital Markets Board pursuant to the decisions of the Board of Directors dated 30 December 2019 regarding the merger of Aslan Çimento A.Ş., Adana Çimento Sanayii Türk A.Ş., Bolu Çimento Sanayii A.Ş., and Ünye Çimento Sanayi ve Ticaret A.Ş. under the name of Mardin Çimento Sanayii ve Ticaret A.Ş. and the merger application was approved on 20 February 2020 and published in the Capital Markets Board bulletin. As of 14 May 2020, the general assembly resolutions regarding the merger have been registered and the legal process has been concluded and the title of the Company has been changed to OYAK Çimento Fabrikaları A.Ş. The said merger transaction was carried out in accordance with the Capital Markets Board's Communiqué No. II-23.2 on Mergers and Divisions, Articles 136 and its continuation of the Turkish Commercial Code No. 6102, and the merger provisions regulated in Articles 17 to 20 of the Corporate Tax Law and other relevant legislation provisions. The shares of the merged companies were traded on the stock exchange until 21 May 2020, and quotations were terminated as of this date.

Within the framework of the Expert Establishment Report dated 10 February 2020 prepared by an independent third-party consultancy company, the capital of the company has been determined as TL 1.167.208.78. However, within the scope of the merger, the right to leave process of OYAK Çimento Fabrikaları A.Ş. started on 6 April 2020 and ended on 5 May 2020. In the said process, the final nominal capital was realized as TL 1.159.793.441, together with the repurchased shares regarding Aslan Çimento, Adana Çimento, Bolu Çimento and Ünye Çimento.

In the right of withdrawal, the Group has paid a total of TL 82.008.924 for the repurchased shares with a nominal value of TL 14.722.530, including Mardin Çimento shares amounting to TL 6.935.220. The nominal values of the shares bought back by Mardin Çimento during this period are presented as "Repurchased Shares" in the consolidated financial statements.

As explained in detail in Note 1, OYAK Beton has merged with all its assets and liabilities within the Company as of 31 December 2020. Since the Company was already owned 100% of OYAK Beton shares as of the date of the merger, the transaction did not have any impact on the capital structure.

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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### 20. SHAREHOLDER'S EQUITY (cont'd)

#### b) Restricted Reserves Appropriated from Profit

The Group reserves 5% of the historical statutory profit as first legal reserve, until the total reserve reaches 20% of the historical paid in share capital according to Turkish Commercial Law. The other legal reserve is appropriated at the rate of 10% per annum of all cash dividend distributions after the payment of dividends to the shareholders at a rate of 5%. According to Turkish Commercial Law, general legal reserves can only be used if it does not exceed the capital or issued capital for close the losses, continue the business when business is not going well or end the unemployment and to take suitable precautions to reduce the results of unemployment. Details of restricted reserves appropriated profit are as follows:

	<b>31 December 2021</b>	31 December 2020
Legal Reserves	<b>405.954.871</b>	405.954.871
	<b>405.954.871</b>	405.954.871

#### c) Profit distribution

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from 1 February 2014. Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be paid by fixed or variable instalments and advance dividend can be distributed in accordance with profit on interim financial statements of the Company. As of the reporting period, the Company has retained earnings of TL 383.710.182, net profit for the period of TL 714.790.735, extraordinary reserve amounting to TL 399.893.306 which can be subject to profit distribution and special fund amounting to TL 4.309.268.

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 21. REVENUE AND COST OF SALES

a) Revenue	1 January- 31 December 2021	1 January- 31 December 2020
Domestic sales	3.723.924.308	2.387.539.878
Foreign sales (export)	770.486.156	469.332.929
Foreign sales (issued)	206.065.127	100.623.635
Other income	8.570.317	9.477.127
Sales returns and discounts (-)	(28.063.968)	(34.738.998)
	<b>4.680.981.940</b>	<b>2.932.234.571</b>
b) Cost of sales	1 January - 31 December 2021	1 January - 31 December 2020
Direct raw material and material expenses	(2.578.151.573)	(1.280.870.864)
Direct labor expenses	(72.357.768)	(52.477.164)
Depreciation and amortization expenses	(178.744.480)	(147.876.163)
Production overhead expenses	(147.213.800)	(122.263.748)
Other production overhead expenses	(645.064.429)	(694.065.919)
<b>Total production cost</b>	<b>(3.621.532.050)</b>	<b>(2.297.553.858)</b>
Change in work in progress inventories	103.077.212	(17.429.483)
Change in finished goods inventories	19.582.568	(9.724.387)
Cost of trade goods sold	(38.623.285)	(29.342.085)
<b>Total cost of sales</b>	<b>(3.537.495.555)</b>	<b>(2.354.049.813)</b>



# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 22. GENERAL ADMINISTRATIVE, MARKETING, RESEARCH AND DEVELOPMENT EXPENSES

	1 January- 31 December 2021	1 January- 31 December 2020
General administrative expenses (-)	(226.126.080)	(214.573.528)
Marketing expenses (-)	(31.695.524)	(23.156.022)
Research and development expenses (-)	(9.564.307)	(8.218.010)
	<b>(267.385.911)</b>	<b>(245.947.560)</b>

#### a) Details of General Administrative Expenses

	1 January- 31 December 2021	1 January- 31 December 2020
Benefits and services outsourced	(78.720.550)	(112.444.279)
Personnel expenses	(89.016.346)	(64.159.612)
Depreciation and amortization expenses	(11.118.709)	(11.833.758)
Provision expenses (*)	(37.011.713)	(8.814.315)
Other material expenses	(9.623.885)	(2.123.010)
Other	(40.634.877)	(15.198.554)
	<b>(266.126.080)</b>	<b>(214.573.528)</b>

(\*) Due to period charge of allowance for doubtful receivables and expected credit loss

#### b) Details of Marketing Expenses

	1 January- 31 December 2021	1 January- 31 December 2020
Personnel expenses	(24.268.122)	(15.412.452)
Benefits and services outsourced	(925.700)	(4.892.942)
Depreciation and amortization expenses	(693.148)	(705.628)
Other	(5.808.554)	(2.145.000)
	<b>(31.695.524)</b>	<b>(23.156.022)</b>

#### c) Details of Research and Development

	1 January- 31 December 2021	1 January- 31 December 2020
Personnel expenses	(7.991.963)	(7.198.677)
Benefits and services outsourced	(621.790)	(11.721)
Depreciation and amortization expenses	(1.034)	(818)
Other	(949.520)	(1.006.794)
	<b>(9.564.307)</b>	<b>(8.218.010)</b>

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 23. EXPENSES BY NATURE

<b>Depreciation and amortization</b>	<b>31 December 2021</b>	31 December 2020
Cost of sales	<b>(178.744.480)</b>	(147.876.163)
General administrative expenses	<b>(11.118.709)</b>	(11.833.758)
Marketing expenses	<b>(693.148)</b>	(705.628)
Research and development expenses	<b>(1.034)</b>	(818)
Other expenses from operating activities	<b>(3.646.745)</b>	(3.715.814)
Expenses from investment activities	<b>(557.503)</b>	(470.729)
	<b>(194.761.619)</b>	(164.602.910)

  

<b>Personnel expenses</b>	<b>31 December 2021</b>	31 December 2020
Cost of sales	<b>(219.571.568)</b>	(174.740.912)
General administrative expenses	<b>(89.016.346)</b>	(64.159.612)
Marketing expenses	<b>(24.268.122)</b>	(15.412.452)
Research and development expenses	<b>(7.991.963)</b>	(7.198.677)
	<b>(340.847.999)</b>	(261.511.653)

#### The fees related to the services received from the independent auditor:

Based on the Board Decision of the Public Oversight, Accounting and Auditing Standards Authority published in the Official Gazette, the fees related to the services received from the independent auditor/independent audit firm as of the reporting period are presented below:

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Independent audit fee for the reporting period	<b>(767.750)</b>	(616.539)
	<b>(767.750)</b>	(616.539)

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 24. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

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

<b>Other Income from Operating Activities</b>	<b>1 January- 31 December 2021</b>	<b>1 January- 31 December 2020</b>
Foreign exchange gains due to operating activities	<b>209.142.336</b>	85.002.419
Income from insurance companies	<b>6.314.781</b>	10.892.183
Premium and incentive income	<b>1.160.685</b>	10.830.690
Maturity and interest income from forward sales	<b>6.013.963</b>	8.701.309
Profit due to sales of scrap and materials	<b>12.805.436</b>	7.249.688
Service income	<b>14.462</b>	12.029
Income from provisions released	<b>206.767</b>	202.685
Rent income	-	1.540.491
Other income	<b>8.086.869</b>	17.090.821
	<b>243.745.299</b>	141.522.315

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

<b>Other Expenses from Operating Activities</b>	<b>1 January- 31 December 2021</b>	<b>1 January- 31 December 2020</b>
Foreign exchange loss due to operating activities	<b>(224.650.113)</b>	(73.124.457)
Discount charge	<b>(982.584)</b>	(690.838)
Provision expenses	<b>(806.568)</b>	(1.191.116)
Commission expenses	<b>(614.308)</b>	(1.229.460)
Depreciation expense	<b>(3.646.745)</b>	(3.715.814)
Other expenses	<b>(3.253.163)</b>	(3.434.517)
Compensation and penalty expense	<b>(505.225)</b>	(3.065.264)
Expenses due to sales of scrap	<b>(267.673)</b>	(1.410.204)
Donations	<b>(1.272.890)</b>	(807.936)
	<b>(235.999.269)</b>	(88.669.606)

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 25. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

#### Income from Investment Activities

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

	<b>1 January- 31 December 2021</b>	1 January- 31 December 2020
Valuation difference of financial assets presented at fair value through profit or loss	<b>75.990.276</b>	33.744.278
Dividend income	<b>10.626.003</b>	1.321.071
Profit from sale of fixed assets	<b>4.601.515</b>	9.391.284
Rent income from investment properties	<b>4.601.656</b>	-
Income due to expropriated land (*)	-	11.093.333
Other	<b>214.076</b>	4.408.566
	<b>96.033.526</b>	59.958.532

(\*) The amount collected due to urgent expropriation by the General Directorate of Highways of the land in Kocaeli Province Demirciler Mahallesi, which is owned by the Group within the scope of the Northern Marmara Motorway Project, presented in long-term deferred income in the prior periods was reflected to the accompanying consolidated statement of profit or loss after deducting their cost values, based on the legal assessment that all rights and savings related to the ownership of the expropriated parcels have been transferred to the other party,

#### Expenses from Investment Activities

The details of expenses from investment activities for the years that ended on 31 December 2021 and 2020 are as follows:

	<b>1 January- 31 December 2021</b>	1 January- 31 December 2020
Depreciation expense	<b>(557.503)</b>	(470.729)
Loss due to sale of fixed assets	-	(1.486.559)
Expenses related to merger transactions	-	(18.788.595)
Expenses of rental facilities	<b>(4.878)</b>	(1.307.666)
Other	-	(73.041)
	<b>(562.381)</b>	(22.126.590)

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 26. FINANCE INCOME AND EXPENSES

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

<b>Finance Income</b>	<b>1 January - 31 December 2021</b>	<b>1 January - 31 December 2020</b>
Foreign exchange gains	<b>236.556.558</b>	96.063.976
Interest income	<b>38.239.719</b>	23.066.417
Fair value difference of derivative financial instruments	<b>4.650.543</b>	23.907.598
Other finance income	<b>-</b>	100.059
	<b>279.446.820</b>	143.138.050

The details of finance expenses for the years ended on 31 December 2021 and 2020 are as follows:

<b>Finance Expenses</b>	<b>1 January - 31 December 2021</b>	<b>1 January - 31 December 2020</b>
Interest expense due to short and long-term borrowings	<b>(98.941.019)</b>	(123.172.403)
Amounts capitalized on fixed assets	<b>-</b>	9.412.946
	<b>(98.941.019)</b>	(113.759.457)
Foreign exchange losses	<b>(173.083.728)</b>	(55.962.986)
Interest cost due to provision for employment termination benefit	<b>(12.040.383)</b>	(8.667.167)
Interest cost due to provision for seniority incentive bonus	<b>(4.065.267)</b>	(2.870.747)
Interest expense due to lease liabilities	<b>(6.071.112)</b>	(2.728.917)
Other finance costs	<b>(8.917.965)</b>	(3.628.164)
	<b>(303.119.474)</b>	(187.617.438)

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 27. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

#### Current tax assets

	31 December 2021	31 December 2020
Prepaid taxes and funds	-	134.884
<b>Total tax assets</b>	<b>-</b>	<b>134.884</b>

#### Current tax liability

	31 December 2021	31 December 2020
Current corporate tax	206.338.165	63.114.803
Less: Prepaid taxes and funds	(136.606.253)	(31.913.999)
<b>Total tax liability</b>	<b>69.731.912</b>	<b>31.200.804</b>

#### Tax expense in consolidated statement of profit or loss and other comprehensive income

	1 January- 31 December 2021	1 January- 31 December 2020
Tax expense / (income) consists of:		
Current tax expense / (income)	206.338.165	63.114.803
Deferred tax expense / (income)	(15.858.452)	(43.125.648)
<b>Total tax expense</b>	<b>190.479.713</b>	<b>19.989.155</b>

#### Tax recognized directly in equity

	1 January - 31 December 2021	1 January- 31 December 2020
Deferred tax:		
Recognized directly in equity:		
- Actuarial income or expense	(7.521.132)	(334.277)
<b>Total deferred tax recognized directly in equity</b>	<b>(7.521.132)</b>	<b>(334.277)</b>

Tax effects of other comprehensive income are as follows:

	1 January - 31 December 2021		
	Before tax	Tax income	After tax
Actuarial gains and losses from retirement plans	37.605.661	(7.521.132)	30.084.529
<b>Other comprehensive income during the period</b>	<b>37.605.661</b>	<b>(7.521.132)</b>	<b>30.084.529</b>

	1 January - 31 December 2020		
	Before tax	Tax income	After tax
Actuarial gains and losses from retirement plans	1.671.385	(334.277)	1.337.108
<b>Other comprehensive income during the period</b>	<b>1.671.385</b>	<b>(334.277)</b>	<b>1.337.108</b>

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

#### *Corporate Tax:*

The group companies incorporated in Turkey is subject to Turkish corporate taxes in force. The necessary provisions are allocated in the consolidated financial statements for the estimated liabilities based on the Group's results for the year.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and other incentives (prior year's losses if any and investment incentives used if preferred) utilized.

The effective tax rate in 2021 is 25% (2020: 22%).

"Law on the Amendment of Certain Tax Laws and Some Other Laws" numbered 7061 was published in the Official Newspaper dated 5 December 2017 and numbered 30261. In Article 89 of this Law, amendments are made in the 5th article entitled "Exceptions" of the Corporate Tax Law. The first paragraph of the article; (a) the 75% exemption applied to the earnings generated by the sale of immovable properties in the assets of the institutions for two full years has been reduced to 50%. This regulation entered into force on 5 December 2017.

#### *Deferred Tax:*

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements in accordance with TFRS and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and are set out below.

The tax rate used in the calculation of deferred tax assets and liabilities is 20% -23% (2020: 20% -22%).

<b>Deferred tax assets/(liabilities)</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Investment allowance and energy incentive	<b>63.560.584</b>	58.154.260
Provision for employment termination benefit	<b>25.190.474</b>	15.114.862
Allowance for trade receivables	<b>15.063.855</b>	9.797.160
Seniority incentive provision	<b>8.989.605</b>	5.023.040
Bonus provision	<b>5.854.500</b>	3.060.000
Prior years' losses	-	2.537.726
Provision for legal cases	<b>2.153.435</b>	2.196.620
Derivative instruments	-	1.501.271
Provision for mine royalty	<b>2.146.682</b>	1.490.869
Provision for unused vacation	<b>1.805.325</b>	1.120.440
Provision for adequate pay	<b>506.317</b>	1.088.199
Provision for sales incentive premium	<b>652.337</b>	652.337
Provision for rehabilitation	<b>413.344</b>	376.113
Valuation of equity shares	<b>(7.992.773)</b>	(4.193.259)
Depreciation and amortization differences of property, plant and equipment and intangible assets	<b>(11.864.028)</b>	(8.008.084)
Other	<b>4.856.880</b>	(1.954.601)
	<b>111.336.537</b>	87.956.953

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

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

*Deferred Tax (cont'd) :*

Movement of the deferred tax (assets) / liabilities for the periods ended 31 December 2021 and 2020 are as follows:

	<b>1 January- 31 December 2021</b>	1 January- 31 December 2020
<b>Movement of deferred tax (asset) / liability:</b>		
Opening balance as of 1 January	<b>87.956.953</b>	44.497.028
Charged to the statement of profit or loss	<b>15.858.452</b>	43.125.648
Charged to the statement of other comprehensive income	<b>7.521.132</b>	334.277
<b>Closing balance as of 31 December</b>	<b>111.336.537</b>	87.956.953

Tax expense for the period can be reconciled with the profit for the period as follows:

	<b>1 January- 31 December 2021</b>	1 January- 31 December 2020
<b>Tax reconciliation:</b>		
Profit before tax from continuing operations	<b>915.644.995</b>	378.442.461
Income tax rate of 25% (2020: 22%)		
Tax effect of:	<b>(228.911.249)</b>	(83.257.341)
- Other adjustments	<b>2.041.586</b>	2.518.525
- Non-deductible expenses	<b>(1.693.779)</b>	(2.977.840)
- Exemptions and other discounts	<b>5.686.041</b>	862.843
- Tax losses not subject to deferred tax	<b>2.537.726</b>	26.451.527
- Change in tax rate	<b>10.653.796</b>	(6.726.849)
- Investment incentive exemption	<b>19.206.166</b>	43.139.980
Tax provision expense in the statement of profit or loss and other comprehensive income	<b>(190.479.713)</b>	(19.989.155)

### 28. EARNINGS PER SHARE

	<b>1 January- 31 December 2021</b>	1 January- 31 December 2020
<b>Earnings per share</b>		
Profit for the period	<b>725.165.282</b>	358.453.306
Average number of shares available during the period	<b>115.979.344.100</b>	115.979.344.100
(Losses)/earnings per share from continuing operations (with nominal value of TL 1)	<b>0,63</b>	0,31



# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 29. FINANCIAL INVESTMENTS

Short-term financial investments	31 December 2021	31 December 2020
<b>Financial investments at fair value through profit or loss</b>		
<i>Shares Traded on the Stock Exchange</i>		
<i>Ereğli Demir Çelik Fabrikaları A.Ş.</i>	<b>161.744.987</b>	85.754.711
	<b>161.744.987</b>	85.754.711

The Group's share in Ereğli Demir Çelik Fabrikaları A.Ş. is less than 1%. The shares traded in the stock exchange are valued at the closing price on the balance sheet date.

### 30. ASSETS HELD FOR SALE

	31 December 2021	31 December 2020
Assets held for sale	<b>1.264.346</b>	-
	<b>1.264.346</b>	-

### 31. DERIVATIVE INSTRUMENTS

	31 December 2021		31 December 2020	
	Assets	Liabilities	Assets	Liabilities
Interest swap transactions	-	-	-	(4.650.543)
Maturity analysis:				
Short-term	-	-	-	(4.650.543)
Long-term	-	-	-	-
	-	-	-	(4.650.543)

As of 31 December 2020, the Group is exposed to interest rate risk due to the floating rate bonds issued and a certain part of this risk is managed by an interest rate swap agreement.

In accordance with TL LIBOR interest rate swap contracts, the interest rate has been fixed at 19,15% and 20,25% over 296.000.000 Turkish Liras as of 31 December 2020.

As of 31 December 2020, the fair value of the Group's interest rate swap contracts is TL 4.650.543.

As of the end of the period, none of the Group's open interest-based derivative contracts are defined for hedging purposes and the changes in their fair values are reflected in the consolidated statement of profit or loss.

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 32. THE NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS AND BORROWINGS

#### a) Capital risk management

The Group manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debts, which includes the borrowings disclosed in Note 15, comprising cash and cash equivalents, issued capital, reserves and prior years' profit. The Group balances its overall capital structure through the payment of dividends, new share issues and acquiring own shares, as well as the issue of new debt or the redemption of existing debt.

The Group management examines the capital by leverage ratio in order to be consistent with other companies in the industry. This ratio is calculated by dividing net debt by total capital. Net debt is obtained by subtracting cash and cash equivalents and short-term financial investments from total loans (including current and non-current loans as shown in the balance sheet). Total capital is calculated by adding "equity" in the balance sheet and net debt.

During 2021, the Group's strategy has not changed from 2020. As of 31 December 2021 and 31 December 2020 the net debt/capital ratio calculated as net debt divided by total capital (net debt is calculated as total borrowings less cash and cash equivalents and short-term financial investments) is as follows;

<b>Net Debt/Total Capital Ratio</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Borrowings	<b>467.030.659</b>	829.329.692
Less: Cash and Cash Equivalents	<b>(314.816.289)</b>	(448.831.807)
Less: Short Term Financial Investments	<b>(161.744.987)</b>	(85.754.711)
Net Debt	<b>(9.530.617)</b>	294.743.174
Total Equity	<b>2.977.921.193</b>	2.282.151.205
Total Capital	<b>2.968.390.576</b>	2.576.894.379
<b>Net Debt/Total Capital Ratio</b>	<b>-</b>	<b>%11</b>

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### **32. THE NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS AND BORROWINGS (cont'd)**

#### **b) Financial Risk Factors**

The Group's activities expose it to market risk (currency risk, price risk), credit risk and liquidity risk. Group's risk management programme generally focuses on uncertainty in financial markets and minimizing potential negative effects on Group's financial performance.

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

#### *b.1) Market risk management*

The operations of the Group are primarily exposed to financial risks related to changes in the exchange rate and interest rate.

Market risks are also evaluated with sensitivity analysis.

In the current year, there has been no change in the market risk the Group is exposed to or in the risk management and measurement methods, compared to the previous year.

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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### 32. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS AND BORROWINGS (cont'd)

#### b.1) Credit risk management

Credit risks exposed by type of financial instruments	Receivables				Deposits	
	Trade Receivables		Other Receivables		Deposits at Banks	
31 December 2021	Related Party	Other	Related Party	Other	Related Party	Other
Maximum credit risk exposed to as of the reporting date (A+B+C+D)	129.697.429	1.115.928.959	14.594.486	9.452.386	-	290.072.334
- Secured portion of the maximum risk by guarantees, etc. (*)	-	847.558.374	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	33.130.347	1.034.566.143	14.594.486	9.452.386	-	290.072.334
B. Book value of financial assets that are renegotiated, if not that will be accepted as past due nor impaired	-	-	-	-	-	-
C. Net book value of financial assets that are past due but not impaired	96.567.082	81.362.816	-	-	-	-
Secured portion with guarantees, etc.	-	72.677.410	-	-	-	-
D. Net book value of the impaired assets						
- Past due (gross amount)	-	116.822.274	-	596.728	-	-
- Impairment (-)	-	(116.822.274)	-	(596.728)	-	-
- Secured portion of the net book value by guarantees, etc.	-	-	-	-	-	-
- Not past due (gross amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Secured portion of the net book value by guarantees, etc.	-	-	-	-	-	-

(\*) Guarantees consist of letters of guarantee from customers, pledges, mortgages, direct debiting system and notes of guarantee.

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 32. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS AND BORROWINGS (cont'd)

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

Credit risks exposed by type of financial instruments	Receivables				Deposits	
	Trade Receivables		Other Receivables		Deposits at Banks	
31 December 2020	Related Party	Other	Related Party	Other	Related Party	Other
Maximum credit risk exposed to as of the reporting date (A+B+C+D)	18.472.262	907.664.538	-	15.231.268	-	444.235.631
- Secured portion of the maximum risk by guarantees, etc. (*)	-	793.747.803	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	8.961.207	780.435.338	-	15.231.268	-	444.235.631
B. Book value of financial assets that are renegotiated, if not that will be accepted as past due nor impaired	-	-	-	-	-	-
C. Net book value of financial assets that are past due but not impaired	9.511.055	127.229.200	-	-	-	-
Secured portion with guarantees, etc.	-	89.100.101	-	-	-	-
D. Net book value of the impaired assets	-	-	-	-	-	-
- Past due (gross amount)	-	80.014.556	-	596.728	-	-
- Impairment (-)	-	(80.014.556)	-	(596.728)	-	-
- Secured portion of the net book value by guarantees, etc.	-	-	-	-	-	-
- Not past due (gross amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Secured portion of the net book value by guarantees, etc.	-	-	-	-	-	-

(\*) Guarantees consist of letters of guarantee from customers, pledges, mortgages, direct debiting system and notes of guarantee.

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 32. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS AND BORROWINGS (cont'd)

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

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group aims to decrease credit risk by transacting only with parties who has credit assurance and where possible, obtaining sufficient guarantee. The Group's collection risk arises mainly from its trade receivables. The Group manages this risk which may arise due to its customers by limiting the credit limits set for customers with the guarantees received. The use of credit limits is continuously monitored by the Group, and the customer's credit quality is continuously evaluated considering the customer's financial position, past experiences and other factors. Trade receivables are evaluated by considering Company policies and procedures and clearly shown accordingly in the balance sheet after the provision for doubtful receivables is made (Note 6).

Trade receivables cover a high number of customers across various industries and geographical areas. Credit evaluations are continuously made over the trade receivables of the customers.

Aging of the overdue receivables are as follows:

31 December 2021	Receivables		Total
	Trade Receivables	Other Receivables	
Overdue 1 to 30 days	26.517.244	-	26.517.244
Overdue 1 to 3 months	23.994.662	-	23.994.662
Overdue 3 to 12 months	127.417.992	-	127.417.992
<b>Total overdue receivables (*)</b>	<b>177.929.898</b>	<b>-</b>	<b>177.929.898</b>
<b>Portion secured with guarantee, etc. (**)</b>	<b>72.677.410</b>	<b>-</b>	<b>72.677.410</b>

31 December 2020	Receivables		Total
	Trade Receivables	Other Receivables	
Overdue 1 to 30 days	19.553.435	-	19.553.435
Overdue 1 to 3 months	7.167.505	-	7.167.505
Overdue 3 to 12 months	110.019.315	-	110.019.315
<b>Total overdue receivables (*)</b>	<b>136.740.255</b>	<b>-</b>	<b>136.740.255</b>
<b>Portion secured with guarantee, etc. (**)</b>	<b>89.100.101</b>	<b>-</b>	<b>89.100.101</b>

(\*) TL 97.567.082 TL of the amount is related to trade receivables from related parties (31 December 2020: TL 9.511.055).

(\*\*) All secured portion of receivables are related to trade receivables from third parties.

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 32. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS AND BORROWINGS (cont'd)

#### b.2) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

#### Liquidity risk table:

<b>31 December 2021</b>					
<b>Contract terms</b>	<b>Carrying value</b>	<b>Total contractual cash outflows (I+II+III)</b>	<b>Less than 3 months (I)</b>	<b>3 to 12 months (II)</b>	<b>1-5 years (III)</b>
<b>Non-derivative financial liabilities</b>					
Borrowings	467.030.659	551.469.163	119.076.885	73.229.351	359.162.927
Trade payables	1.014.177.159	1.014.177.159	-	1.014.177.159	-
Other payables	21.894.351	21.894.351	6.512.426	15.381.925	-
<b>Total liabilities</b>	<b>1.503.102.169</b>	<b>1.587.540.673</b>	<b>125.589.311</b>	<b>1.102.788.435</b>	<b>359.162.927</b>
<b>31 December 2020</b>					
<b>Contract terms</b>	<b>Carrying value</b>	<b>Total contractual cash outflows (I+II+III)</b>	<b>Less than 3 months (I)</b>	<b>3 to 12 months (II)</b>	<b>1-5 years (III)</b>
<b>Non-derivative financial liabilities</b>					
Borrowings	829.329.692	871.829.029	64.269.295	787.677.267	19.882.467
Trade payables	606.589.044	606.589.044	-	606.589.044	-
Other payables	19.972.102	19.972.102	6.005.030	13.967.072	-
<b>Total liabilities</b>	<b>1.455.890.838</b>	<b>1.498.390.175</b>	<b>70.274.325</b>	<b>1.408.233.383</b>	<b>19.882.467</b>

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 32. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS AND BORROWINGS (cont'd)

#### b.3) Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Market risk exposures are supplemented by sensitivity analysis.

There has been no change in the Group's exposure to market risks or the management and measurement of exposures.

#### b.3.1) Foreign currency risk management

Transactions denominated in foreign currencies result in foreign currency risk. The Company is mainly exposed to currency risk in EURO and USD.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting period are as follows:

	31 December 2021			
	TL Equivalent (Functional currency)	US Dollar	EURO	GBP
1. Trade Receivables	191.385.200	13.312.269	924.388	-
2. Monetary Financial Assets (including cash, bank deposits)	114.843.234	8.389.779	199.902	-
3. Other Current Assets	37.628.391	737.524	1.821.616	17.575
4. Current Assets (1+ 2 + 3)	343.856.825	22.439.572	2.945.906	17.575
5. Non-Current Assets	44.793.825	235.677	2.760.875	-
6. Total Assets (4 + 5)	388.650.650	22.675.249	5.706.781	17.575
7. Current Liabilities	424.837.902	23.489.246	7.356.242	249
8. Non-current Liabilities	-	-	-	-
9. Total Liabilities (7 + 8)	424.837.902	23.489.246	7.356.242	249
10. Net foreign currency asset liability position (6 - 9)	(36.187.252)	(813.997)	(1.649.461)	17.326
11. Monetary items net foreign currency asset/liability position (6 - 9)	(36.187.252)	(813.997)	(1.649.461)	17.326
10. Export	796.726.483	80.450.042	5.285.067	-
11. Export-registered sales	205.102.419	20.024.188	1.296.115	-
12. Import	282.113.266	25.053.869	6.498.573	236.426



# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 32. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS AND BORROWINGS (cont'd)

#### b.3.1) Foreign currency risk management (cont'd)

	31 December 2020			
	TL Equivalent (Functional currency)	US Dollar	EURO	GBP
1. Trade Receivables	43.073.953	5.867.986	-	-
2. Monetary Financial Assets (including cash, bank deposits)	255.514.151	33.504.763	1.062.671	-
3. Other Current Assets	943.327	93.397	28.613	-
4. Current Assets ( 1+ 2 + 3 )	299.531.431	39.466.146	1.091.284	-
5. Current Liabilities	237.078.606	27.188.688	4.163.017	-
6. Non-current Liabilities	-	-	-	-
7. Total Liabilities ( 5 + 6 )	237.078.606	27.188.688	4.163.017	-
8. Net foreign currency asset liability position ( 4 - 7 )	62.452.825	12.277.458	(3.071.733)	-
9. Monetary items net foreign currency asset/liability position ( 4 - 7 )	62.452.825	12.277.458	(3.071.733)	-
10. Export	530.131.072	68.289.803	5.813.580	-
11. Export-registered sales	83.871.671	10.279.492	1.287.175	-
12. Import	147.513.412	15.768.936	3.327.264	179.999

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 32. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS AND BORROWINGS (cont'd)

#### b.3.1) Foreign currency risk management (cont'd)

##### Foreign currency sensitivity analysis

The Group is mainly exposed to foreign currency risks in USD and Euro.

The following table shows the Group's sensitivity to a 20% (31 December 2020: 20%) increase and decrease in USD and Euro. 20% (31 December 2020: 20%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% (31 December 2020: 20%) change in foreign currency rates. A positive number indicates an increase in profit / loss and other equity.

	<b>31 December 2021</b>	
	<b>Profit / Loss</b>	
	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>
<b>In case of 20% appreciation of US Dollar against TL</b>		
1 - USD net asset / liability	(2.173.859)	2.173.859
2- Portion hedged from USD risk (-)	-	-
<b>3- USD net effect (1 +2)</b>	<b>(2.173.859)</b>	<b>2.173.859</b>
<b>In case of 20% appreciation of Euro against TL</b>		
4 - Euro net asset / liability	(4.985.958)	4.985.958
5 - Portion hedged from Euro risk (-)	-	-
<b>6- Euro net effect (4+5)</b>	<b>(4.985.958)</b>	<b>4.985.958</b>
<b>TOTAL (3 + 6)</b>	<b>(7.159.817)</b>	<b>7.159.817</b>
<b>31 December 2020</b>		
<b>Profit / Loss</b>		
	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>
<b>In case of 20% appreciation of US Dollar against TL</b>		
1 - USD net asset / liability	18.024.536	(18.024.536)
2- Portion hedged from USD risk (-)	-	-
<b>3- USD net effect (1 +2)</b>	<b>18.024.536</b>	<b>(18.024.536)</b>
<b>In case of 20% appreciation of Euro against TL</b>		
4 - Euro net asset / liability	(5.533.973)	5.533.973
5 - Portion hedged from Euro risk (-)	-	-
<b>6- Euro net effect (4+5)</b>	<b>(5.533.973)</b>	<b>5.533.973</b>
<b>TOTAL (3 + 6)</b>	<b>12.490.563</b>	<b>(12.490.563)</b>

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 33. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES)

#### Classes and fair values of financial instruments

<b>31 December 2021</b>	<b>Note</b>	<b>Financial assets at amortized cost</b>	<b>Financial liabilities at amortized cost</b>	<b>Fair value through profit or loss</b>	<b>Carrying value</b>
<b><u>Financial assets</u></b>					
Cash and cash equivalents	4	314.816.289	-	-	314.816.289
Trade receivables from related parties	6	129.697.429	-	-	129.697.429
Trade receivables from third parties	6	1.115.928.959	-	-	1.115.928.959
Other receivables from related parties	7	14.594.486	-	-	14.594.486
Other receivables from third parties	7	9.452.386	-	-	9.452.386
Other financial assets	29	-	-	161.744.987	161.744.987
<b><u>Financial liabilities</u></b>					
Borrowings	15	-	467.030.659	-	467.030.659
Trade payables to related parties	6	-	174.973.672	-	174.973.672
Trade payables to third parties	6	-	839.203.487	-	839.203.487
Other payables to related parties	7	-	3.685.898	-	3.685.898
Other payables to third parties	8	-	18.208.453	-	18.208.453

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 33. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES) (cont'd)

#### Classes and fair values of financial instruments (cont'd)

31 December 2020	Note	Financial assets at amortized cost	Financial liabilities at amortized cost	At fair value through profit or loss	Carrying value
<b><u>Financial assets</u></b>					
Cash and cash equivalents	4	448.831.807	-	-	448.831.807
Trade receivables from related parties	6	18.472.262	-	-	18.472.262
Trade receivables from third parties	6	907.664.538	-	-	907.664.538
Other receivables from third parties	7	15.231.268	-	-	15.231.268
Other financial assets	29	-	-	85.754.711	85.754.711
<b><u>Financial liabilities</u></b>					
Borrowings	15	-	829.329.692	-	829.329.692
Trade payables to related parties	6	-	135.632.596	-	135.632.596
Trade payables to third parties	6	-	470.956.448	-	470.956.448
Other payables to related parties	7	-	3.342.306	-	3.342.306
Other payables to third parties	7	-	16.629.796	-	16.629.796
Derivative instruments	31	-	-	4.650.543	4.650.543

# OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TL) unless otherwise stated.)

### 33. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES) (cont'd)

#### Fair value of financial assets

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

- Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- Level 2: the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and
- Level 3: the fair value of the financial assets and financial liabilities are determined where there is no observable market data.

Some financial assets and financial liabilities of the Group are recognized in the consolidated financial statements at their fair values on each balance sheet date. The table below provides the information on how the fair values of these financial assets and liabilities are determined:

	31 December 2021		
Financial assets at fair value in the balance sheet	Level 1	Level 2	Level 3
Equity shares	161.744.987	-	-

  

	31 December 2020		
Financial assets at fair value in the balance sheet	Level 1	Level 2	Level 3
Equity shares	85.754.711	-	-

### 34. EVENTS AFTER THE REPORTING PERIOD

In accordance with the Tax Procedure Law No. 7352 and the Law on the Amendment of the Corporate Tax Law published in the Official Gazette dated 29 January 2022 and numbered 31734, the application of inflation adjustment in the financial statements prepared according to the tax procedure law was postponed to 31 December 2023.

### 35. DISCLOSURE OF OTHER MATTERS THAT MAY AFFECT FINANCIAL STATEMENTS SIGNIFICANTLY OR IS NECESSARY FOR FINANCIAL STATEMENTS TO BE CLEAR, INTERPRETABLE AND COMPREHENSIBLE

None.