

**(CONVENIENCE TRANSLATION OF CONDENSED
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)**

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

CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
AS OF 30 JUNE 2021 AND INDEPENDENT AUDITOR'S
REVIEW REPORT

**(CONVENIENCE TRANSLATION OF
THE REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION ORIGINALLY ISSUED IN TURKISH)**

**REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION**

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of OYAK Çimento Fabrikaları A.Ş. (“the Company”) and its subsidiaries (together will be referred as the “Group”) as of 30 June 2021 and the related condensed consolidated interim statements of profit or loss and other comprehensive income, condensed consolidated interim changes in equity and condensed consolidated interim cash flows for the six-month period then ended (“condensed consolidated interim financial information”). Group management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standards 34 “Interim Financial Reporting” (“TAS 34”). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Independent Auditing Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with TAS 34 “Interim Financial Reporting”.

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 conclusion.

As stated in Note 5 of the accompanying condensed consolidated interim 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.

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



Nazlı İvak
Partner

İstanbul, 17 August 2021

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OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

REVIEWED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2021

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

	Notes	Reviewed	Audited
		Current Period	Prior Period
		30 June 2021	31 December 2020
ASSETS			
Current Assets		2.270.121.256	1.909.488.901
Cash and Cash Equivalents	3	641.681.934	448.831.807
Financial Investments	9	103.215.818	85.754.711
Trade Receivables	4-5	982.357.641	926.136.800
<i>Trade Receivables from Related Parties</i>	4	55.640.913	18.472.262
<i>Trade Receivables from Third Parties</i>		926.716.728	907.664.538
Other Receivables		9.231.994	12.242.448
<i>Other Receivables from Related Parties</i>	4	2.487.020	-
<i>Other Receivables from Third Parties</i>		6.744.974	12.242.448
Inventories	6	511.552.207	352.430.450
Derivative Financial Instruments		230.734	-
Prepaid Expenses	7	21.404.334	75.737.614
Current Tax Assets		-	134.884
Other Current Assets		446.594	8.220.187
Non-current Assets		2.099.621.210	2.063.237.639
Other Receivables		6.710.791	2.988.820
<i>Other Receivables from Third Parties</i>		6.710.791	2.988.820
Investment Properties		29.677.754	29.954.268
Right-of-use Assets		17.877.672	16.791.857
Property, Plant and Equipment	8	1.873.154.380	1.835.124.391
Intangible assets		78.711.108	83.063.745
<i>Goodwill</i>		7.062.941	7.062.941
<i>Other Intangible Assets</i>	8	71.648.167	76.000.804
Prepaid Expenses	7	16.920.578	6.851.266
Deferred Tax Assets	14	76.092.094	87.956.953
Other Non-current Assets		476.833	506.339
TOTAL ASSETS		4.369.742.466	3.972.726.540

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

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

REVIEWED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2021

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

		Reviewed	Audited
		Current Period	Prior Period
	Notes	30 June	31 December
		2021	2020
LIABILITIES AND EQUITY			
Current Liabilities		1.652.894.699	1.554.271.751
Short-term Borrowings	12	691.336.408	707.265.009
Short-term Portion of Long-term Borrowings	12	58.239.032	103.009.662
Trade Payables	4-5	712.561.909	606.589.044
<i>Trade Payables to Related Parties</i>	4	139.551.548	135.632.596
<i>Trade Payables to Third Parties</i>		573.010.361	470.956.448
Payables Related to Employee Benefits		16.251.139	9.335.715
Other Payables		16.595.295	19.972.102
<i>Other Payables to Related Parties</i>	4	3.482.484	3.342.306
<i>Other Payables to Third Parties</i>		13.112.811	16.629.796
Deferred Income	7	69.138.965	22.883.869
Derivative Instruments		-	4.650.543
Current Tax Liabilities	14	56.851.239	31.200.804
Short-term Provisions		31.341.467	49.358.806
<i>Short-term Provisions for Employee Benefits</i>		7.100.000	15.300.000
<i>Other Short-term Provisions</i>	10	24.241.467	34.058.806
Other Short-term Liabilities		579.245	6.197
Non-current Liabilities		155.383.957	136.303.584
Long-term Borrowings	12	17.321.256	19.055.021
Deferred Income	7	-	239.771
Long-term Provisions		138.062.701	117.008.792
Long-term Provisions for Employee Benefits		131.795.383	106.291.720
Other Long-term Provisions	10	6.267.318	10.717.072
TOTAL LIABILITIES		1.808.278.656	1.690.575.335

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

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

REVIEWED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2021

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

		Reviewed	Audited
		Current Period	Prior Period
		30 June	31 December
	Notes	2021	2020
EQUITY		2.561.463.810	2.282.151.205
Equity Attributable to Parent		2.561.463.810	2.282.151.205
Paid-in Capital	13	1.159.793.441	1.159.793.441
Capital Adjustment Differences	13	134.868.176	134.868.176
Repurchased Shares (-)		(6.935.220)	(6.935.220)
Share Premiums/Discounts		234.322	234.322
Other Accumulated Comprehensive Income (Expenses) That Will Not Be Reclassified To Profit or Loss		(24.757.843)	(14.620.649)
- <i>Gains (Losses) on Remeasurement of Defined Benefit Plans</i>		(24.757.843)	(14.620.649)
Other Accumulated Comprehensive Income (Expenses) That Will Be Reclassified To Profit or Loss		2.557.562	3.371.128
- <i>Foreign Currency Translation Differences</i>		2.557.562	3.371.128
Restricted Reserves Appropriated from Profit	13	405.954.871	405.954.871
The Effect of Mergers Involving Undertaking or Enterprises Subject to Common Control		(305.979.569)	(407.972.757)
Retained earnings		905.464.705	649.004.587
Net Profit for the Period		290.263.365	358.453.306
TOTAL LIABILITIES AND EQUITY		4.369.742.466	3.972.726.540

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

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2021

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

		Reviewed	Not reviewed	Reviewed	Not reviewed
		Current Period	Current Period	Prior Period	Prior Period
		1 January -	1 April-	1 January -	1 April-
		30 June	30 June	30 June	30 June
	Notes	2021	2021	2020	2020
PROFIT OR LOSS					
Revenue	16	1.985.896.284	1.137.617.973	1.094.127.212	598.923.337
Cost of Sales (-)	16	(1.481.538.433)	(853.338.287)	(968.508.918)	(526.554.154)
GROSS PROFIT		504.357.851	284.279.686	125.618.294	72.369.183
General Administrative Expenses (-)		(120.506.597)	(64.984.292)	(88.179.881)	(49.833.144)
Marketing Expenses (-)		(13.449.782)	(7.555.638)	(10.557.946)	(6.167.740)
Research and Development Expenses (-)		(4.385.769)	(2.322.990)	(4.088.102)	(2.184.469)
Other Income from Operating Activities	17	57.412.662	28.446.554	53.307.858	36.005.152
Other Expenses from Operating Activities (-)	17	(61.969.902)	(24.360.155)	(39.542.541)	(25.124.891)
OPERATING PROFIT		361.458.463	213.503.165	36.557.682	25.064.091
Income from Investment Activities	19	33.946.481	19.766.843	15.648.145	14.927.796
Expenses from Investment Activities (-)	19	(175.181)	(83.269)	(15.375.432)	531.644
OPERATING PROFIT BEFORE FINANCIAL INCOME (EXPENSE)		395.229.763	233.186.739	36.830.395	40.523.531
Finance Income	18	91.800.142	39.992.088	39.745.022	20.122.468
Finance Expense (-)	18	(97.940.613)	(48.027.223)	(69.818.536)	(38.887.496)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		389.089.292	225.151.604	6.756.881	21.758.503
Tax Expense		(98.825.927)	(67.173.888)	(5.392.164)	(4.921.722)
Current Tax Expense	14	(84.426.769)	(51.969.818)	(18.760.248)	(7.291.063)
Deferred Tax (Expense)/Income	14	(14.399.158)	(15.204.070)	13.368.084	2.369.341
PROFIT FOR THE PERIOD		290.263.365	157.977.716	1.364.717	16.836.781
Profit for the Period Attributable to					
Non-controlling Interests		-	-	-	-
Owners of the Parent		290.263.365	157.977.716	1.364.717	16.836.781
Earning Per Share					
Earning Per Share (Nominal value of TL 1)	15	0,25	0,136	0,001	0,01

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

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2021

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

		Reviewed	Not reviewed	Reviewed	Not reviewed
		Current	Current	Prior	Prior
	Notes	Period	Period	Period	Period
		1 January -	1 April-	1 January -	1 April-
		30 June	30 June	30 June	30 June
		2021	2021	2020	2020
CURRENT PROFIT		290.263.365	157.977.716	1.364.717	16.836.781
Items that Will Not Be Reclassified to Profit or Loss:					
Gains / (Losses) on Remeasurement of Defined Benefit Plans		(12.671.493)	(12.671.493)	(9.623.535)	(15.468.158)
Taxes Related to Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	14	2.534.299	2.534.299	1.924.707	3.093.632
Items that Will Be Reclassified to Profit or Loss:					
Foreign Currency Translation Differences		(813.566)	(201.456)	(2.483.600)	1.645.071
TOTAL COMPREHENSIVE EXPENSE		(10.950.760)	(10.338.650)	(10.182.428)	(10.729.455)
TOTAL COMPREHENSIVE INCOME / (EXPENSE)		279.312.605	147.639.066	(8.817.711)	6.107.326
Total Comprehensive Income / (Expense) Attributable to					
Non-controlling Interests		279.312.605	147.639.066	(8.817.711)	6.107.326
Owners of the Parent		-	-	-	-
		279.312.605	147.639.066	(8.817.711)	6.107.326

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

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2021

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

	Share Capital	Capital Adjustment Differences	Repurchased Shares	Share Issuance Premiums	Restricted Reserves Appropriate d 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	Retained Earnings	Net Profit for the Period	Equity
Balance as of 1 January 2020	785.527.741	134.868.176	-	234.322	405.954.871	(13.283.541)	6.262.691	(46.204.406)	737.020.357	-	2.010.380.211
Merger effect	374.265.700	-	-	-	-	-	-	(463.761.540)	45.546.377	-	(43.949.463)
Change due to share repurchase transactions	-	-	(6.935.220)	-	-	-	-	-	(30.747.993)	-	(37.683.213)
Total comprehensive income/(expense)	-	-	-	-	-	(7.698.828)	(2.483.600)	-	-	1.364.717	(8.817.711)
<i>Profit for the Period</i>	-	-	-	-	-	-	-	-	-	1.364.717	1.364.717
<i>Other Comprehensive Expense</i>	-	-	-	-	-	(7.698.828)	(2.483.600)	-	-	-	(10.182.428)
30 June 2020	1.159.793.441	134.868.176	(6.935.220)	234.322	405.954.871	(20.982.369)	3.779.091	(509.965.946)	751.818.741	1.364.717	1.919.929.824
Balance as of 1 January 2021	1.159.793.441	134.868.176	(6.935.220)	234.322	405.954.871	(14.620.649)	3.371.128	(407.972.757)	1.007.457.893	-	2.282.151.205
Transfer	-	-	-	-	-	-	-	101.993.188	(101.993.188)	-	-
Total comprehensive income/(expense)	-	-	-	-	-	(10.137.194)	(813.566)	-	-	290.263.365	279.312.605
<i>Profit for the Period</i>	-	-	-	-	-	-	-	-	-	290.263.365	290.263.365
<i>Other Comprehensive Expense</i>	-	-	-	-	-	(10.137.194)	(813.566)	-	-	-	(10.950.760)
30 June 2021	1.159.793.441	134.868.176	(6.935.220)	234.322	405.954.871	(24.757.843)	2.557.562	(305.979.569)	905.464.705	290.263.365	2.561.463.810

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

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2021

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

	Notes	Reviewed	Reviewed
		Current Period 1 January – 30 June 2021	Prior Period 1 January– 30 June 2020
A. CASH FLOWS FROM OPERATING ACTIVITIES		424.292.386	174.269.969
Profit for the Period		290.263.365	1.364.717
Adjustments Related to Reconciliation of Net Profit for the Period		247.138.195	134.196.169
- Adjustments Related to Depreciation and Amortization Expenses		85.488.667	76.360.761
- Adjustments Related to Doubtful Receivables	5	5.677.902	-
- Adjustments Related to Provisions		40.221.210	21.827.293
- <i>Adjustments Related to Employee Benefits</i>		26.839.845	14.815.362
- <i>Adjustments Related to Provisions (Reversal of) for Legal Cases</i>	10	778.038	(21.121)
- <i>Adjustments Related to Other Provisions (Reversals)</i>	10	12.603.327	7.033.052
- Adjustments Related to Interest (Income) and Expenses		31.821.272	39.932.535
- <i>Adjustments Related to Interest Income</i>	17-18	(19.495.183)	(13.175.293)
- <i>Adjustments Related to Interest Expense</i>	18	51.316.455	53.107.828
- Adjustments Related to Fair Value Losses (Gains)		(22.342.384)	5.066.786
- <i>Adjustments Related to Fair Value (Gains)/Losses of Financial Assets</i>	19	(17.461.107)	2.728.758
- <i>Adjustments Related to Fair Value Changes of Derivative Instruments</i>	18	(4.881.277)	2.338.028
- Adjustments Related to Dividend Income	19	(10.626.003)	-
- Adjustments Related to Gain on Sale of Fixed Assets	19	(2.651.529)	(2.288.778)
- Adjustments Related to Unrealized Foreign Currency Translation Differences		20.723.133	(1.001.259)
- Adjustments Related to Tax Income / Expense	14	98.825.927	5.392.164
- Other Adjustments in Profit or Loss	19	-	(11.093.333)
Changes in Working Capital		(4.611.589)	68.891.756
- Adjustments Related to Increase in Trade Receivables		(63.025.426)	7.537.665
- <i>Decrease (Increase) in Trade Receivables from Related Parties</i>		(37.168.651)	(3.987.991)
- <i>Decrease (Increase) in Trade Receivables from Third Parties</i>		(25.856.775)	11.525.656
- Adjustments Related to Decrease (Increase) in Other Receivables Related to Operations		10.784.046	(16.858.287)
- <i>Decrease (Increase) in Other Receivables Related to Operations from Related Parties</i>		(2.487.021)	4.793.075
- <i>Decrease (Increase) in Other Receivables Related to Operations from Third Parties</i>		13.271.067	(21.651.362)
- Adjustments Related to Increase in Inventories	6	(108.937.782)	27.264.632
- Adjustments Related to Increase (Decrease) in Other Non-current Assets		(3.692.463)	(1.587.985)
- Decrease (Increase) in Prepaid Expenses	7	4.160.181	24.140.747
- Adjustments Related to Increase in Trade Payables	5	105.972.865	41.910.083
- <i>Increase (Decrease) in Trade Payables to Related Parties</i>		3.918.952	15.657.863
- <i>Increase (Decrease) in Trade Payables to Third Parties</i>		102.053.913	26.252.220
- Increase in Payables Related to Employee Benefits		6.915.425	6.582.323
- Adjustments Related to Increase / (Decrease) in Other Operating Payables		(2.803.760)	(4.139.718)
- <i>Increase (Decrease) in Other Operating Payables to Related Parties</i>		140.178	(572.940)
- <i>Increase (Decrease) in Other Operating Payables to Third Parties</i>		(2.943.938)	(3.566.778)
- Increase / (Decrease) in Deferred Income		46.015.325	(15.957.704)
Cash Flows from Operations		532.789.971	204.452.642
- Payments Related to Provision for Employee Benefits		(22.207.677)	(5.065.562)
- Tax Payments		(58.641.450)	(25.117.111)
- Payments for Provisions	10	(27.648.458)	-

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

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2021

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

		Reviewed	Reviewed
		Current Period	Prior Period
	Notes	1 January – 30 June 2021	1 January– 30 June 2020
B. CASH FLOWS FROM INVESTING ACTIVITIES		(108.266.931)	(189.077.253)
- Cash Inflows from Sale of Property, Plant and Equipment		2.753.099	2.504.037
- Cash Outflows from Purchase of Property, Plant and Equipment	7-8	(121.646.033)	(189.292.055)
- Cash Outflows from Purchase of Intangible Assets		-	(2.289.235)
- Dividend Income	19	10.626.003	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		(117.696.000)	67.568.018
- Cash Inflows From Borrowing		229.114.569	1.197.182.977
- <i>Cash Inflows from Loans</i>		229.114.569	1.197.182.977
- Cash Outflows Related to Debt Payments		(307.108.651)	(1.001.908.881)
- <i>Cash Outflows Related to Loan Repayments</i>		(127.108.651)	(978.496.606)
- <i>Cash Outflows from Payments of Other Borrowings</i>		(180.000.000)	(23.412.275)
- Interest Paid		(55.191.690)	(50.716.002)
- Interest Received		20.754.930	13.175.293
- Cash Outflows from Loan Payments Arising from Lease Agreements		(5.265.158)	(8.156.445)
- Cash Outflows Arising from Purchasing Its Own Shares		-	(82.008.924)
D. NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATION			
DIFFERENCES ON CASH AND CASH EQUIVALENTS		198.329.455	52.760.734
Effect of Foreign Currency Translation Differences on Cash and Cash Equivalents		(5.346.264)	(3.483.121)
E. NET INCREASE IN CASH AND CASH EQUIVALENTS		192.983.191	49.277.613
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3	448.206.273	368.759.555
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3	641.189.464	418.037.168

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

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 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. ("the 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.

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.

OYAK Çimento A.Ş. ("OYAK Çimento"), which was established on 25 November 2015 as a 100% subsidiary of the Ordu Yardimisma Kurumu ("OYAK") took over the shares of OYAK Çimento Fabrikaları A.Ş. (Previously titled as Adana Çimento Sanayii Türk A.Ş., Mardin Çimento Sanayii ve Ticaret A.Ş., Aslan Çimento A.Ş., Bolu Çimento Sanayii A.Ş., Ünye Çimento Sanayi ve Ticaret A.Ş.) 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 Çimento 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. Detailed information about OYAK can be found on its official website (www.oyak.com.tr).

As of 31 December 2020, a subsidiary of the Company, OYAK Beton San. Ve Tic. A.Ş. ("OYAK Beton") had been merged with all its assets and liabilities in the financial statements of the Group.

The number of employees of the Company as of 30 June 2021 is 2.049 (31 December 2020: 1.996).

The shares of the company are traded in Borsa Istanbul ("BIST") and as of the preparation date of condensed consolidated interim financial statements 26,75% of the Company shares are publicly traded.

The registered address of the Group is Çukurambar Mahallesi 1480. Sokak, No: 2 A / 56, Çankaya, Ankara.

Dividend Distribution

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

Approval of the Condensed Consolidated Interim Financial Statements

The condensed consolidated interim financial statements have been approved and authorized to be published on 17 August 2021 by the Board of Directors.

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

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

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance to TFRS

The Company and its Turkish subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and tax legislation.

The accompanying condensed consolidated 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. TFRSs include Standards and Interpretations published by POA under the names of Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, TAS Interpretations and TFRS Interpretations.

The condensed consolidated financial statements are presented in accordance with TFRS Taxonomy developed based on the "Financial Statement Examples and User Guide" announced by the POA published in the Official Gazette dated 7 June 2019 and numbered 30794.

The Group has prepared its interim consolidated financial statements as of 30 June 2021 by preferring condensed presentation in accordance with TAS 34 "Interim Financial Statements" and the explanations and notes required to be included in the annual financial statements prepared in accordance with TAS 34 are summarized or not included. Therefore, these interim condensed consolidated financial statements should be read together with the Group's 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 Group, and the presentation currency for the consolidated financial statements.

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 interim condensed consolidated financial statements, and included in the interim condensed consolidated financial statements.

	<u>30 June 2021</u>	<u>31 December 2020</u>
("RON") / TL Year-End	2,0836	1,8373
("RON") / TL Average	1,9233	1,6461

Adjustments of Consended Consolidated Interim 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 Eceonmies" ("TAS 29") has not been applied.

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 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)

Going Concern

The condensed consolidated interim 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.

Significant Developments Regarding the Current Period

The effects of Covid-19, which started in Wuhan, China in December 2019 and declared as a global epidemic by the World Health Organization on 11 March 2020, on global economies continue. 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 a significant impact on the Group's activities that would affect the continuity of the business. In line with the evaluations made, it is predicted that the Group will be able to maintain the sufficient liquidity level.

Subsidiaries

Subsidiaries are companies in which the Company is exposed to variable returns due to its relationship with the investee or is entitled to these returns, and at the same time has the control power because it has the opportunity to affect these returns with its activities on the investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

The statements of financial position and income statements of the subsidiaries have been consolidated using the full consolidation method and the carrying values and equities of the subsidiaries owned by OYAK Çimento Fabrikaları have been reciprocally offset. Intra-group transactions and balances between the Company and its subsidiaries have been offset during consolidation. The carrying values of the shares owned by the Company and the dividends resulting from them have been netted off from the relevant equity and statement of profit or loss accounts.

As of 30 June 2021 and 31 December 2020, the Group's ownership interests and voting rights in subsidiaries have been presented below:

Subsidiaries	Place of incorporation and operation	Main operation	30 June 2021	31 December 2020
			Shareholding rate (%)	Shareholding rate (%)
Ünye Cem SRL	Romania	Cement sale	100	100
Marmara Madencilik (*)	Turkey	Mining	98,9	98,9
Adana Çimento Sanayi ve Ticaret Ltd.	Cyprus	Sale of cement, clinker, ready-mixed concrete	100	100
Adana Çimento Free Port Ltd.	Cyprus	Sale of cement, clinker, ready-mixed concrete	100	100

(*) As of the reporting date, the subsidiary is inactive.

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

2.2 New and Amended Turkish Financial Reporting Standards

a) Amendments to TFRSs 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 assessed that the adoption of this amendment does not have any material impact on the Group's condensed consolidated interim 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	Insurance Contracts
Amendments to TAS 1	Classification of Liabilities as Current or Non-Current
Amendments to TFRS 3	Reference to the Conceptual Framework
Amendments to TAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to TAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to TFRS Standards 2018-2020	Amendments to TFRS 1, TFRS 9 and TAS 41
Amendments to TFRS 4	Extension of the Temporary Exemption from Applying IFRS 9
Amendments to TFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021

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.

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

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

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

2.2 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 1 *Classification of Liabilities as Current or Non-Current*

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

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

Amendments to TFRS 3 *Reference to the Conceptual Framework*

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

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

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

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

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

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

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

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

Annual Improvements to TFRS Standards 2018-2020 Cycle

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

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

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

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

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

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

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

Annual Improvements to TFRS Standards 2018-2020 Cycle (cont'd)

Amendments to TFRS 9 *Financial Instruments*

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

Amendments to TAS 41 *Agriculture*

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

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

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

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

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

Public Oversight Accounting and Auditing Standards Authority ("POA") has published COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendment to TFRS 16) that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

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

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

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

The possible effects of the aforementioned standards, amendments and improvements on the consolidated financial position and performance of the Group are being evaluated.

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

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

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

2.3 Summary of Significant Accounting Policies

The condensed consolidated interim financial statements for the six-month period ended 30 June 2021 have been prepared in accordance with TAS 34 of TFRS for the preparation of interim financial statements. In addition, the condensed consolidated interim financial statements for the period ended 30 June 2021 were prepared in accordance with the accounting policies applied during the preparation of the consolidated financial statements for the year ended 31 December 2020. Therefore, the accompanying condensed consolidated interim financial statements should be evaluated together with the consolidated financial statements as of 31 December 2020.

2.4 Accounting Policies and Changes and Misstatements in Accounting Estimates

Changes in accounting policies, if any, that result from applying a new standard for the first time are applied retrospectively or prospectively in accordance with transition provisions. Changes with no transition provisions, significant discretionary changes in accounting policy or accounting errors are applied retrospectively and financial statements of prior period are restated. If changes in accounting estimates are related to only one period, they are applied in the current period in which the changes are made, if they are related to subsequent period, they are applied in both current period and prospectively. In the current period, there is no change realized in accounting policies.

Misstatements which are identified are corrected retrospectively and consolidated financial statements of prior period are restated. The Group does not identified any significant misstatements in the current year.

2.5 Critical Accounting Judgements and Key Sources of Esitimation Uncertainty

If changes in accounting estimates are for only one period, changes are applied in the current year but if the estimated changes affect the following periods, changes are applied both on the current and following years prospectively.

2.6 Segment Reporting

The operations of the Group's each plant have been defined as geographical segments. However, the segments with similar economic characteristics have been combined into a single operating segment considering the nature of the products and the production processes, methods to allocate the products and the type of customers or to provide services for the interim period.

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

3. CASH AND CASH EQUIVALENTS

	30 June 2021	31 December 2020
Bank	625.246.471	444.235.631
Demand deposits	4.796.808	4.767.079
Time deposits with a maturity of less than three months (*)	620.449.663	439.468.552
Other cash and cash equivalents (**)	16.435.463	4.596.176
	641.681.934	448.831.807
Less : Interest accruals	(492.470)	(625.534)
Cash and cash equivalents in the statement of cash flows	641.189.464	448.206.273

(*) Interest rates of time deposits for TL deposits varies from 7% to 19,25% (31 December 2020: 4,50%-18,00%), whereas for US Dollar deposits it is 2,65%, for EUR deposits it is 0,01% and for RON deposits it is 0,35% (31 December 2020: US Dollar: 0,01%-3,50%, RON: 1,00% Euro: 0,01%).

(**) POS deposit balance arising from sales with credit card is presented as other cash and cash equivalents. The Group collects the balance from the related bank in 28 days (25 days, as of 31 December 2020).

As of 30 June 2021, there is no blockage on cash and cash equivalents (31 December 2020: None).

4. RELATED PARTY DISCLOSURES

The Group carries out various transactions with related parties during its activities. The balances of the related parties as of 30 June 2021 and 31 December 2020, and the transaction amounts and balances made with these institutions for the periods ending on 30 June 2021 and 30 June 2020 are as follows:

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

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4. RELATED PARTY DISCLOSURES (cont'd)

	30 June 2021								
	Receivables				Payables				
	Short-term		Long-term		Short-term		Long-term		
Balances with related parties	Trade	Non-trade	Trade	Non-trade	Trade	Non-trade	Trade	Non-trade	
<u>Ultimate parent</u>									
Ordu Yardımlaşma Kurumu (OYAK)	-	-	-	-	148.608	-	-	-	-
<u>Parent</u>									
OYAK Çimento A.Ş.	-	-	-	-	1.621.310	-	-	-	-
<u>Other companies managed by the ultimate parent</u>									
Erdemir Çelik Servis Merkezi San. Ve Tic. A.Ş.	655	-	-	-	-	-	-	-	-
OYKA Kağıt Ambalaj San. ve Tic. A.Ş.	-	-	-	-	23.304.524	-	-	-	-
Omsan Lojistik A.Ş.	-	-	-	-	9.015.609	-	-	-	-
Omsan Denizcilik A.Ş.	-	-	-	-	16.108.763	-	-	-	-
OYAK Denizcilik ve Liman İşletmeleri A.Ş.	-	640.213	-	-	-	-	-	-	-
OYAK İnşaat A.Ş.	4.746.586	-	-	-	-	-	-	-	-
Ereğli Demir Çelik Fabrikaları T.A.Ş.	-	-	-	-	6.810.892	-	-	-	-
İskenderun Demir ve Çelik A.Ş.	-	-	-	-	18.092.395	-	-	-	-
İskenderun Enerji Üretim ve Tic. A.Ş.	-	-	-	-	1.099.014	-	-	-	-
Mais Motorlu Araçlar İmal ve Satış A.Ş.	-	-	-	-	32.828	-	-	-	-
OYAK Pazarlama Hizmet ve Turizm A.Ş.	-	-	-	-	4.728.489	-	-	-	-
OYAK Grup Sigorta ve Reasürans Brokerliği A.Ş.	-	-	-	-	4.401.826	-	-	-	-
OYAK Savunma ve Güvenlik Sistemleri A.Ş.	-	-	-	-	4.690.116	-	-	-	-
OYAK Yatırım Menkul Değerler A.Ş.	-	-	-	-	144.683	-	-	-	-
Güzel Enerji Akaryakıt A.Ş.	-	-	-	-	849.698	-	-	-	-
Doco Petrol ve Danışmanlık A.Ş.	-	-	-	-	7.982.516	-	-	-	-
Oytaş İç ve Dış Ticaret A.Ş.	-	-	-	-	-	2.444.967	-	-	-
Kümaş Manyezit Sanayi A.Ş.	-	-	-	-	17.342.834	-	-	-	-
Akdeniz Chemson Kimya Sanayi ve Ticaret A.Ş.	-	-	-	-	117.204	-	-	-	-
Cimpor Cote d'Ivoire	43.895.615	1.833.937	-	-	-	-	-	-	-
Cimpor - Industria de Cimentos	3.797.338	12.870	-	-	-	-	-	-	-
Hektaş Ticaret T.A.Ş.	-	-	-	-	14.841	-	-	-	-
Other	-	-	-	-	-	1.037.517	-	-	-
<u>Other companies managed by the parent</u>									
Denizli Çimento San. Tic. A.Ş.	-	-	-	-	23.045.398	-	-	-	-
Cimpor Cameroun SA	3.200.719	-	-	-	-	-	-	-	-
	55.640.913	2.487.020	-	-	139.551.548	3.482.484	-	-	-

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

4. RELATED PARTY DISCLOSURES (cont'd)

	31 December 2020							
	Receivables				Payables			
	Short-term		Long-term		Short-term		Long-term	
Balances with related parties	Trade	Non-trade	Trade	Non-trade	Trade	Non-trade	Trade	Non-trade
<u>Ultimate parent</u>								
Ordu Yardımlaşma Kurumu (OYAK)	-	-	-	-	1.348.568	-	-	-
<u>Parent</u>								
OYAK Çimento A.Ş.	-	-	-	-	7.163.975	-	-	-
<u>Other companies managed by the ultimate parent</u>								
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 an. 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	-	-
<u>Other companies managed by the parent</u>								
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 REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

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4. RELATED PARTY DISCLOSURES (cont'd)

Transactions with related parties	1 January – 30 June 2021								
	Purchases	Sales	Interest received	Interest paid	Lease income	Other income	Other expenses	Commission expenses	Fixed asset sales
Ultimate partner									
Ordu Yardımlaşma Kurumu (OYAK)	-	-	-	-	-	-	882.564	-	-
Partner									
OYAK Çimento A.Ş. (1)	-	-	-	-	-	-	19.733.832	-	-
Other companies managed by the ultimate parent									
OYAK İnşaat A.Ş.	-	10.315.733	-	-	253.333	1.365	25.276	-	-
Omsan Lojistik A.Ş. (4)	18.527.757	-	-	-	-	35.987	2.957	-	-
OYKA Kağıt Ambalaj San. ve Tic. A.Ş. (2)	42.917.571	-	-	-	-	12.796	-	-	-
İskenderun Demir ve Çelik A.Ş. (8)	21.526.363	14.485	-	-	-	-	241.474	-	-
İskenderun Enerji Üretim ve Tic.A.Ş.	1.254.398	-	-	-	-	-	-	-	-
Mais Motorlu Araçlar İmal ve Satış A.Ş.	49.396	-	-	-	-	-	-	-	-
OYAK Elektrik Enerjisi Toptan Satış A.Ş. (3)	186.503.708	-	-	-	-	3.498.342	-	-	-
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (8)	11.343.490	-	-	-	-	1.412.293	-	-	-
Erdemir Çelik Servis Merkezi San. Ve Tic. A.Ş.	-	-	-	-	-	1.635	-	-	-
OYAK Pazarlama Hizmet ve Turizm A.Ş. (6)	10.243.718	-	-	-	-	-	2.297.761	-	-
OYAK Savunma ve Güvenlik Sistemleri A.Ş. (5)	11.576.120	-	-	-	-	142.100	-	-	-
Omsan Denizcilik A.Ş. (4)	30.343.157	-	-	-	-	-	-	-	-
OYAK Yatırım Menkul Değerler A.Ş.	188.483	-	-	-	-	-	-	-	-
OYAK Denizcilik Ve Liman İşl. A.Ş.	-	-	-	-	-	-	88.951	-	-
Akdeniz Chemson Kimya San. Ve Tic.A.Ş.	186.877	-	-	-	-	-	-	-	-
Hektaş Ticaret T.A.Ş.	15.602	-	-	-	-	-	-	-	-
Cimpor Industria de Cimentos S.A.	-	4.644.534	-	-	-	89.576	-	-	-
Cimpor Cote d'Ivoire SARL (11)	-	26.624.217	-	-	-	2.432.411	-	-	-
Kümaş Manyezit Sanayi A.Ş. (10)	-	-	-	-	-	161.320	13.861.672	-	-
Güzel Enerji Akaryakıt A.Ş. (9)	2.518.394	-	-	-	-	-	-	-	-
Doco Petrol Ve Danışmanlık A.Ş. (9)	20.017.387	-	-	-	-	-	-	-	-
Other companies managed by the parent									
Denizli Çimento A.Ş. (7)	31.413.648	109.139	-	-	65.142	2.697.307	144.738	-	-
Cimpor Cameroun SA	-	-	-	-	-	-	-	-	3.103.379
	388.626.069	41.708.108	-	-	318.475	10.485.132	37.279.225	-	3.103.379

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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4. RELATED PARTY DISCLOSURES (cont'd)

Transactions with related parties	1 January – 30 June 2020							
	Purchases	Sales	Interest received	Interest paid	Lease income	Other income	Commission expenses	Other expenses
<u>Ultimate partner</u>								
Ordu Yardımlaşma Kurumu (OYAK)	7.827	-	-	-	-	-	-	-
<u>Partner</u>								
OYAK Çimento A.Ş. (1)	6.874.674	-	-	-	-	1.388.622	-	-
<u>Other companies managed by the ultimate parent</u>								
Oyka Kağıt Ambalaj San. ve Tic. A.Ş.(2)	26.465.070	-	-	-	-	-	-	-
Omsan Denizcilik A.Ş. (4)	4.338.744	-	-	-	-	-	-	-
İskenderun Demir ve Çelik A.Ş. (9)	17.911.337	43.316	-	-	-	3.880	-	51.741
İskenderun Enerji Üretim ve Tic.A.Ş.	588.305	-	-	-	-	-	-	-
Oytaş İç ve Dış Ticaret A.Ş.	-	-	-	103.433	5.282	1.398	-	2.541
OYAK İnşaat A.Ş.	100.000	6.388.437	-	-	-	-	-	-
OYAK Savunma ve Güvenlik Sistemleri A.Ş.(5)	9.627.135	-	-	-	-	110.847	-	-
Omsan Lojistik A.Ş. (4)	17.804.865	-	-	-	-	103.633	-	-
OYAK Yatırım Menkul Değerler A.Ş.	30.000	-	-	-	-	-	-	-
Mais Motorlu Araçlar İmal ve Satış A.Ş.	53.939	-	-	-	-	-	-	-
OYAK Elektrik Enerjisi Toptan Satış A.Ş.(3)	129.331.678	-	-	-	-	1.192.720	-	-
OYAK Pazarlama Hizmet Ve Tur.A.Ş. (6)	10.285.273	-	-	-	-	61.793	-	-
OYAK Grup Sigorta Ve Reasürans Brokerliği A.Ş. (7)	130	-	-	-	-	-	-	-
Ereğli Demir Çelik Fabrikaları T.A.Ş. (9)	6.146.832	-	-	-	-	216	-	-
Güzel Enerji Yakıt A.Ş. (10)	463.850	-	-	-	-	-	-	-
<u>Other companies managed by the parent</u>								
Denizli Çimento Sanayii Türk A.Ş. (8)	13.397.100	57.130	-	-	-	195.048	-	-
	243.426.759	6.488.883	-	103.433	5.282	3.058.157	-	54.282

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4. RELATED PARTY DISCLOSURES (cont'd)

Disclosures related to transactions with related parties for the period 1 January – 30 June 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 from OYAK Elektrik Enerjisi Toptan Satış A.Ş. consist of purchase of electricity energy.
- (4) Purchases from Omsan Lojistik A.Ş., Omsan Denizcilik A.Ş. consist of transportation service.
- (5) Purchases from OYAK Savunma ve Güvenlik Hizmetleri A.Ş. consist of security services.
- (6) Purchases from OYAK Pazarlama Hizmet ve Turizm A.Ş. consists of accommodation, transportation, construction and cleaning services.
- (7) Purchases from Denizli Çimento A.Ş. consist of cement purchased for ready mixed concrete.
- (8) Purchases from Ereğli Demir Çelik Fabrikaları T.A.Ş. and İskenderun Demir ve Çelik A.Ş. consist of purchases of raw material.
- (9) Purchases from Güzel Enerji Yakıt A.Ş., Doco Petrol ve Danışmanlık A.Ş. consist of fuel purchases.
- (10) Purchases from Kümaş Manyezit Sanayi A.Ş. consist of magnesite refractory brick.
- (11) Sales to Cimpor Cote d'Ivoire SARL consist of cement and clinker sales.

Disclosures related to transactions with related parties for the period 1 January – 30 June 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 from OYAK Elektrik Enerjisi Toptan Satış A.Ş. consist of purchase of electricity energy.
- (4) Purchases from Omsan Lojistik A.Ş., Omsan Denizcilik A.Ş. consist of transportation service.
- (5) Purchases from OYAK Savunma ve Güvenlik Hizmetleri A.Ş. consist of security services.
- (6) Purchases from OYAK Pazarlama Hizmet ve Turizm A.Ş. consists of accommodation, transportation, construction and cleaning services.
- (7) Purchases from OYAK Grup Sigorta A.Ş. consist of insurance policies.
- (8) Purchases from Denizli Çimento A.Ş. consist of cement purchased for ready mixed concrete.
- (9) Purchases from Ereğli Demir Çelik Fabrikaları T.A.Ş., İskenderun Enerji Üretim Tic. A.Ş. consist of purchases of raw material.
- (10) Purchases from Güzel Enerji Yakıt A.Ş. consist of fuel purchases.

Salaries and other benefits for key management personnel

Key management personnel consists 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:

	1 January- 30 June 2021	1 January- 30 June 2020
Salaries and other short-term benefits (*)	8.873.230	4.597.936
	8.873.230	4.597.936

(*)As explained in detail in Note 1, the aforementioned increase is a result of the changes in the organizational structure of the Group due from the merging processes.

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5. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

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

Short-term trade receivables	30 June 2021	31 December 2020
Trade receivables	886.239.417	840.383.892
Notes receivable	118.931.032	140.056.465
Trade receivables from related parties (Note 4)	55.640.913	18.472.262
Provision for doubtful trade receivables (-)	(77.017.898)	(71.339.996)
Expected credit loss (-)	(1.435.823)	(1.435.823)
	982.357.641	926.136.800

As of the balance sheet date, the Group does not have any long-term trade receivables. 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).

As of 30 June 2021, there are receivables from customers who declared concordat amounting to TL 61.743.965 (31 December 2020: TL 65.082.907) and there is a guarantee related to them with registered value amounting in total to TL 61.545.292 (31 December 2020: 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.

As of 30 June 2021, provision for doubtful receivables has been made for the portion of trade receivables amounting to TL 77.017.898 (31 December 2020: TL 71.339.996).

The table of movements related to the Group's provision for doubtful trade receivables is as follows:

Movements of provision for doubtful trade receivables	1 January- 30 June 2021	1 January- 30 June 2020
Opening balance	(71.339.996)	(69.365.533)
Charge for the period	(5.677.902)	-
Collections	-	70.000
Closing balance	(77.017.898)	(69.295.533)

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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5. 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:

Short-term trade payables	30 June 2021	31 December 2020
Trade payables	573.010.361	466.651.448
Trade payables to related parties (Note:4)	139.551.548	135.632.596
Notes payable	-	4.305.000
	712.561.909	606.589.044

The average payment term of trade payables related to the purchase of goods is 2 months (31 December 2020: 2 months). Trade payables mainly consist of TL balances. As of balance sheet date, the Group has no long-term trade payables (31 December 2020: None).

6. INVENTORIES

	30 June 2021	31 December 2020
Raw material	393.607.143	258.659.748
Semi-finished goods	78.724.203	58.543.873
Finished goods	33.305.400	22.854.590
Trade goods	313.647	2.304.929
Impairment on inventories	(2.053.625)	(2.053.625)
Goods in transit	4.875.183	9.502.485
Other inventories	2.780.256	2.618.450
	511.552.207	352.430.450

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7. PREPAID EXPENSES AND DEFERRED INCOME

a) Prepaid Expenses

Short-term Prepaid Expenses	30 June 2021	31 December 2020
Prepaid expenses	6.626.285	3.187.204
Prepaid insurance	6.645.273	14.233.659
Order advances given for inventory purchase (*)	8.132.776	58.316.751
	21.404.334	75.737.614

(*) As of 31 December 2020, TL 51.457.263 of the balance of order advances given for inventory purchases is due to the advance payment made by the Group for petcoke purchases. As of 30 June 2021 and remaining portion of 31 December 2020 balances consist of advances given for other raw material purchases.

Long-term Prepaid Expenses	30 June 2021	31 December 2020
Order advances given for fixed asset purchases	16.920.578	6.840.390
Prepaid expenses	-	10.876
	16.920.578	6.851.266

b) Deferred Income

Short-term Deferred Income	30 June 2021	31 December 2020
Order advances received	67.563.416	22.706.966
Deferred income	1.575.549	176.903
	69.138.965	22.883.869

Long-term Deferred Income	30 June 2021	31 December 2020
Deferred income	-	239.771
	-	239.771

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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8. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

a) Property, plant and equipment

Net book value of property, plant and equipment held in the six-month period ended on 30 June 2021 amounts to TL 1.873.154.380 (31 December 2020: TL 1.835.124.391).

Property, plant and equipment purchased in the six-month period ended on 30 June 2021 amounts to TL 111.565.845 (30 June 2020: TL 189.292.055).

Property, plant and equipment sold in the six-month period ended on 30 June 2021 amounts to TL 234.984 (30 June 2020: None).

b) Intangible Assets

Net book value of intangible assets held in the six-month period ended on 30 June 2021 amounts to TL 71.648.167 (31 December 2020: TL 76.000.804).

There is no intangible asset acquisition accrued in the current period. (30 June 2020: TL 2.289.235).

There is no intangible asset disposal in the current period. (30 June 2020: 215.259).

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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9. FINANCIAL INVESTMENTS

	30 June 2021	31 December 2020
Short-term financial investments		
Financial investments at fair value through profit or loss	103.215.818	85.754.711
	103.215.818	85.754.711

Financial investments at fair value through profit or loss:

Shareholders	Share rate %	30 June 2021		Share rate %	31 December 2020	
		Amount	Cost		Amount	Cost
<u>Shares Traded on the Stock Exchange</u>						
Ereğli Demir Çelik Fabrikaları A.Ş. (*)	< 1	103.215.818	7.245.316	< 1	85.754.711	7.245.316

(*) It comprises 5.743.785 shares. Purchase cost is TL 7.245.316.

10. PROVISIONS

	30 June 2021	31 December 2020
Short-term provisions		
State provision for the mine (*)	6.301.411	9.387.462
Provision for legal cases	11.586.139	10.983.101
Other short-term provisions (**)	6.353.917	13.688.243
	24.241.467	34.058.806

(*) The amount of provision set for state rights that the Group pays for the mines every year in the sixth month of the following year.

(**) Other provisions consist of turnover premiums to be paid to the retailers by the Group and other provisions.

	30 June 2021	31 December 2020
Long-term provisions		
Provision for land occupation	991.244	5.440.998
Mine rehabilitation fee	5.276.074	5.276.074
	6.267.318	10.717.072

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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10. PROVISIONS (cont'd)

The movement of short and long-term provisions as of 30 June 2021 and 2020 is presented below.

	Short-term			Long-term	
	State provision for the mine	Provision for legal cases	Other provisions	Mine rehabilitation fee	Other provisions
As of 1 January 2021	9.387.462	10.983.101	13.688.243	5.276.074	5.440.998
Additional provision	6.333.039	778.038	6.385.029	-	1.301.549
Payments during the period	(9.419.090)	(175.000)	(12.791.187)	-	(5.263.181)
Reversal of provision	-	-	(928.168)	-	(488.122)
30 June 2021	6.301.411	11.586.139	6.353.917	5.276.074	991.244

	Short-term			Long-term	
	State provision for the mine	Provision for legal cases	Other provisions	Mine rehabilitation fee	Other provisions
As of 1 January 2020	7.991.422	10.315.923	4.800.306	3.804.217	4.313.696
Additional provision	4.113.826	427.416	2.563.884	-	272.810
Reversal of provision	-	(448.537)	-	-	(2.179)
30 June 2020	12.105.248	10.294.802	7.364.190	3.804.217	4.584.327

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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11. COMMITMENTS

Guarantees-Pledges-Mortgages (“GPM”) given by the Company

30 June 2021	TL	US Dollars (TL Equivalent)	Euro (TL Equivalent)	Total TL
A. Total Amount of GPMs Given for the Company’s Own Legal Personality	120.381.299	185.846.217	1.181.553	307.409.069
<i>- Guarantee Letters</i>	120.381.299	185.846.217	1.181.553	307.409.069
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	-	-	-	-
Total	120.381.299	185.846.217	1.181.553	307.409.069

Guarantees-Pledges-Mortgages (“GPM”) given by the Company

31 December 2020	TL equivalent	US Dollars (TL Equivalent)	Euro (TL Equivalent)	Total TL
A. Total Amount of GPMs Given for the Company’s Own Legal Personality	173.931.178	82.176.090	-	256.107.268
<i>- Guarantee Letters</i>	173.931.178	82.176.090	-	256.107.268
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	-	-	-	-
Total	173.931.178	82.176.090	-	256.107.268

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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12. BORROWINGS

	30 June 2021	31 December 2020
Short-term borrowings		
Bank loans	569.599.162	404.793.317
Short-term portion of long-term bank loans	53.040.491	94.759.239
Lease liabilities	5.198.541	8.250.423
Issued debt instruments	121.737.246	302.471.692
	749.575.440	810.274.671
Long-term borrowings		
Bank loans	-	5.000.004
Lease liabilities	17.321.256	14.055.017
	17.321.256	19.055.021

The details of bank loans are as follows:

Currency	Weighted average interest rate	30 June 2021	
		Short-term	Long-term
TL	13,20%	444.284.845	-
US Dollars	0,98%	173.918.000	-
Euro	EURIBOR+3,5%	4.436.808	-
		622.639.653	-
Currency	Weighted average interest rate	31 December 2020	
		Short-term	Long-term
TL	11,44%	418.426.498	5.000.004
US Dollars	1,05%	73.405.000	-
Euro	EURIBOR+3,5%	7.721.058	-
		499.552.556	5.000.004

The repayment schedule of the Group for bank loans as of 30 June 2021 and 31 December 2020 is as follows:

	30 June 2021	31 December 2020
Payable within 1 year	622.639.653	499.552.556
Payable within 1 - 2 years	-	5.000.004
Payable within 2 - 3 years	-	-
Payable within 3 - 4 years	-	-
	622.639.653	504.552.560

The repayment schedule of the Group for debt instruments as of 30 June 2021 and 31 December 2020 is as follows:

	30 June 2021	31 December 2020
Payable within 1 year	121.737.246	302.471.692
Payable within 1 - 2 years	-	-
	121.737.246	302.471.692

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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13. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Share Capital

As of 30 June 2021 and 31 December 2020, the paid-in capital structure of the Company is as follows:

Shareholders	%	30 June 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
Inflation adjustment		134.868.176		134.868.176
Adjusted capital		1.294.661.617		1.294.661.617

As of 30 June 2021, the capital of the Company 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: per share TL 0,01).

b) Restricted reserves appropriated from profit

The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's historical paid-in share capital. The second legal reserve is appropriated at the rate of 1/10 per annum of all cash distributions for the companies made dividend payment according to Capital Market Board ("CMB") regulations and 1/11 per annum of all cash distributions for the companies made dividend payment according to statutory regulations in excess of 5% of the historical paid-in share capital. Under TCC, the legal reserves are not available for distribution unless they exceed 50% of the historical paid in share capital but may be used to offset losses in the event that historical general reserve is exhausted. Details of the restricted reserves appropriated from profit is as follows:

	30 June 2021	31 December 2020
Legal Reserves	405.954.871	405.954.871
	405.954.871	405.954.871

14. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Current tax liability

	30 June 2021	31 December 2020
Current corporate tax	84.426.769	63.114.803
Less: Prepaid taxes and funds	(27.575.530)	(31.913.999)
Tax liability for the profit for the period to be paid	56.851.239	31.200.804

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

	1 January-30 June 2021	1 January-30 June 2020
The tax expense / (income) consists of:		
Current tax expense	84.426.769	18.760.248
Tax income relating to the origination and reversal of temporary differences	14.399.158	(13.368.084)
Total tax expense / (income)	98.825.927	5.392.164

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

Corporate Tax:

The Group except its subsidiary in Romania is subject to Turkish corporate taxes in force. The necessary provisions are allocated in the financial statements for the estimated liabilities based on the Group's results for the current period. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

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.

In accordance with the provisional article added to the Corporate Tax Law with the 11th article of the Law No. 7316 published in the Official Gazette No. 31462 dated 22 April 2021, the corporate tax rate has been increased to 25% for corporate income for the 2021 taxation period, and to 23% for corporate income for the 2022 taxation period.

The effective corporate tax rate in Turkey is 25% (2020: 22%). For Ünye Cem SRL, the taxable corporate income subjected to Romanian law, is calculated as 16% on the remaining basis after deducting deductible expenses (2020: 16%).

Deferred Tax:

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

In accordance with the Provisional article added to the Corporate Tax Law for subsidiaries in Turkey, the tax rate used in the calculation of deferred tax assets and liabilities (other than land) is 25% for corporate earnings for the 2021 taxation period, 23% for corporate earnings for the 2022 taxation period, and 20% for 2023 and the following years. The tax rate is 16% for the subsidiary operating in Romania (31 December 2020: 22% in Turkey; 16% in Romania).

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

Deferred Tax (cont'd):

	30 June 2021	31 December 2020
Deferred tax assets/(liabilities):		
Depreciation and amortization differences of property, plant and equipment and intangible assets	(7.845.512)	(8.008.084)
Provision for employment termination benefit	16.012.344	15.114.862
Premium provision provided to employees	1.420.000	3.060.000
Senior labor incentive bonus provision	6.066.977	5.023.040
Provision for unused vacation	1.773.670	1.120.440
Provision for legal cases	2.317.228	2.196.620
Provision for doubtful trade receivables	10.797.160	9.797.160
Shares valuation	(5.066.314)	(4.193.259)
Investment allowance and energy incentive	46.731.201	58.154.260
Prior years' losses	-	2.537.726
Other	3.885.340	3.154.188
	76.092.094	87.956.953

The movement of deferred tax assets / (liabilities) for 30 June 2021 is as follows:

	1 January- 30 June 2021	1 January- 30 June 2020
Opening balance as of 1 January	87.956.953	44.497.028
Charged to income statement	(14.399.158)	13.368.084
Charged to other comprehensive (income) / expense	2.534.299	1.924.707
Closing balance as of 30 June	76.092.094	59.789.819

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

Reconciliation of tax expense for the period with profit for the period is as follows:

Reconciliation of tax provision:	1 January- 30 June 2021	1 January- 30 June 2020
Profit before tax	389.089.292	6.756.881
Income tax rate of 25% (2020: 22%)	(97.272.323)	(1.486.514)
Tax effect of:		
- non-deductible expenses	(2.580.906)	(2.782.759)
- exemptions and other discounts	2.726.030	1.792.735
- prior year's losses on which deferred tax asset is not generated	-	(2.003.578)
- effect of change in tax rates	(3.647.848)	-
-effect of other adjustments	1.949.120	(912.048)
Tax provision expense in the statement of profit or loss and other comprehensive income	(98.825.927)	(5.392.164)

15. EARNING PER SHARE

Earning per Share	1 January- 30 June 2021	1 April- 30 June 2021	1 January - 30 June 2020	1 April- 30 June 2020
Profit for the period	290.263.365	157.977.716	1.364.717	16.836.781
Average amount of shares available during the period	115.979.344.100	115.979.344.100	115.979.344.100	115.979.344.100
Earning per share from ongoing activities (TL 1 nominal cost)	0,25	0,136	0,001	0,01

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16. REVENUE AND COST OF SALES

a) Revenue	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Domestic sales	1.586.943.617	907.871.328	872.289.253	488.337.306
Foreign sales (export)	337.902.182	203.497.547	200.743.135	95.142.205
Foreign sales (export listed)	70.938.713	31.951.344	32.030.515	22.572.562
Sales discounts (-)	(12.852.397)	(7.530.498)	(13.380.779)	(6.461.639)
Other income	2.964.169	1.828.252	2.445.088	(667.097)
Net Sales	1.985.896.284	1.137.617.973	1.094.127.212	598.923.337

As of 30 June 2021, the Group recognized sales income amounting to TL 1.985.896.284 (30 June 2020: 1.094.127.212) related to performance obligations at a point in time.

b) Cost of sales

	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Direct raw material and material expenses	(1.027.028.307)	(621.732.025)	(572.246.993)	(326.737.035)
Direct labor expenses	(36.168.821)	(19.341.616)	(23.780.785)	(12.356.233)
Depreciation and amortization expenses	(72.539.118)	(36.717.614)	(63.006.517)	(32.107.739)
Production overhead personnel expenses	(70.808.350)	(35.379.383)	(64.618.161)	(38.035.953)
Other production overhead expenses	(286.359.514)	(104.615.922)	(250.817.939)	(137.787.348)
Total production cost	(1.492.904.110)	(817.786.560)	(974.470.395)	(547.024.308)
Change in semi-finished product inventories	20.180.330	(28.921.270)	12.289.807	24.894.934
Change in finished product inventories	10.450.810	1.869.146	1.135.445	2.801.638
Cost of trade goods sold	(19.265.463)	(8.499.603)	(7.463.775)	(7.226.418)
	(1.481.538.433)	(853.338.287)	(968.508.918)	(526.554.154)

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17. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for the periods ended on 30 June 2021 and 2020 are as follows:

Other Income from Operating Activities				
	1 January- 30 June 2021	1 April- 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Operational exchange difference income	43.004.826	22.949.322	37.398.862	30.142.093
Interest income from interest and forward sales	2.239.631	(3.031.353)	4.211.265	(724.722)
Scrap, material sales and service profit	5.047.914	4.225.537	834.264	298.050
Premium and incentive income	1.160.489	-	3.616.648	3.359.376
Compensation and penalty income	2.311.548	1.794.619	1.619.638	610.784
Discount interest income	-	-	732.118	708.328
Other income	3.648.254	2.508.429	4.895.063	1.611.243
	57.412.662	28.446.554	53.307.858	36.005.152

The details of other expenses from operating activities for the periods ended on 30 June 2021 and 2020 are as follows:

Other Expenses from Operating Activities				
	1 January- 30 June 2021	1 April- 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Operational exchange difference expense	(56.782.778)	(22.812.452)	(33.442.221)	(23.444.118)
Compensation and penalty expense	(181.936)	(64.245)	(903.455)	-
Depreciation expense	(1.807.845)	(908.916)	(230.451)	(889.721)
Discount interest expense	(1.126.683)	(362.032)	-	-
Other expenses	(2.070.660)	(212.510)	(4.966.414)	(791.052)
	(61.969.902)	(24.360.155)	(39.542.541)	(25.124.891)

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18. FINANCE INCOME AND EXPENSES

The details of finance income for the periods ended 30 June 2021 and 2020 are as follows:

Finance Income	1 January- 30 June 2021	1 April- 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Interest income	20.621.866	11.906.435	13.175.293	5.484.249
Finance exchange gains	66.109.008	26.931.024	26.057.240	14.365.245
Fair value differences on derivative instruments	4.881.277	1.062.420	-	-
Other finance income	187.991	92.209	512.489	272.974
	91.800.142	39.992.088	39.745.022	20.122.468

The details of finance expenses for the periods ended 30 June 2021 and 2020 are as follows:

Finance Expenses	1 January- 30 June 2021	1 April- 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Interest expense	(51.316.455)	(23.643.201)	(53.839.946)	(29.988.080)
Employment termination benefits interest cost	(4.381.436)	(2.008.362)	(3.965.785)	(2.952.244)
Senior labor interest cost	(1.500.365)	(750.183)	(1.123.533)	(765.196)
Finance exchange loss	(37.027.653)	(21.665.497)	(7.473.726)	(5.352.320)
Fair value differences on derivative instruments	-	-	(2.338.028)	12.912
Other financial expenses	(3.714.704)	40.020	(1.077.518)	157.432
	(97.940.613)	(48.027.223)	(69.818.536)	(38.887.496)

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19. INCOME FROM INVESTMENT ACTIVITIES

The details of income from investment activities for the periods ended 30 June 2021 and 2020 are as follows:

	1 January- 30 June 2021	1 April- 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Income from investment activities				
Income from land expropriated	-	-	11.093.333	11.093.333
Dividend income	10.626.003	-	-	-
Profit from sale of fixed assets	2.651.529	2.693.304	2.288.778	2.286.679
Rent income from investment properties	3.207.842	1.450.444	789.810	74.584
Valuation difference of financial assets measured at FVTPL	17.461.107	15.623.095	-	-
Other	-	-	1.476.224	1.473.200
	33.946.481	19.766.843	15.648.145	14.927.796

	1 January- 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Expenses from investment activities				
Valuation difference of financial assets measured at FVTPL	-	-	(2.728.758)	12.818.092
Expenses related to merger transactions	-	-	(11.721.444)	(11.721.444)
Other expenses related investment properties	(175.181)	(83.269)	(925.230)	(565.004)
	(175.181)	(83.269)	(15.375.432)	531.644

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20. THE NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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 payables, which include the loans disclosed in Note 12, and equity items which comprise cash and cash equivalents, issued capital, reserves and prior years' profits, respectively.

The Group's key management reviews the cost of capital and risks related to each capital level. Based on recommendations of key management, the Group balances its overall capital structure through the payment of dividends, 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" item in the consolidated balance sheet and net debt.

Net Debt/Total Capital Ratio

	30 June 2021	31 December 2020
Financial payables (Note: 12)	766.896.696	829.329.692
Less: Cash and Cash Equivalents (Note:3)	(641.681.934)	(448.831.807)
Less: Short-term Financial Investments (Note: 9)	(103.215.818)	(85.754.711)
Net Debt	21.998.944	294.743.174
Total Equity	2.561.463.810	2.282.151.205
Total Capital	2.583.462.754	2.576.894.379
Net Debt/Total Capital Ratio	1%	11%

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, bonds issued, 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 financial investments, trade receivables and trade payables, which arise directly from operations.

There are also derivative contracts to which the Group is a party.

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

b) Financial Risk Factors (cont'd)

b.3) 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 analyses.

Foreign currency risk management

Transactions in foreign currency cause exchange rate risk. The Group is mainly exposed to foreign currency risk in Euro and US Dollar.

The breakdown of the Group's monetary and non-monetary assets and liabilities in foreign currency as of balance sheet date is as follows:

	30 June 2021			
	TL Equivalent (Functional currency)	US Dollars	EURO	GBP
1 Trade Receivable	63.209.210	6.226.660	887.169	-
2 Monetary Financial Assets	355.205.708	40.220.451	588.880	-
3 CURRENT ASSETS (1+2)	418.414.918	46.447.111	1.476.049	-
4 NON-CURRENT ASSETS	-	-	-	-
5 TOTAL ASSETS (3+4)	418.414.918	46.447.111	1.476.049	-
6 Short-term liabilities	396.659.126	37.509.053	6.883.291	-
7 Long-term liabilities	-	-	-	-
8 TOTAL LIABILITIES (6+7)	396.659.126	37.509.053	6.883.291	-
9 Net foreign currency asset liability position (4-8)	21.755.792	8.938.058	(5.407.242)	-
10 Export	421.651.143	37.139.493	4.284.601	-
11 Import	167.705.426	15.271.580	3.374.441	12.655

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

b) Financial Risk Factors (cont'd)

Foreign currency risk management (cont'd)

	31 December 2020			
	TL Equivalent (Functional currency)	US Dollars	EURO	GBP
1 Trade Receivable	43.073.953	5.867.986	-	-
2 Monetary Financial Assets	255.514.151	33.504.763	1.062.671	-
Other Current Assets	943.327	93.397	28.613	-
3 CURRENT ASSETS (1+2)	299.531.431	39.466.146	1.091.284	-
4 NON-CURRENT ASSETS				
5 TOTAL ASSETS (3+4)	299.531.431	39.466.146	1.091.284	-
6 Short-term liabilities	237.078.606	27.188.688	4.163.017	-
7 Long-term liabilities	-	-	-	-
8 TOTAL LIABILITIES (6+7)	237.078.606	27.188.688	4.163.017	-
9 Net foreign currency asset liability position (5-8)	62.452.825	12.277.458	(3.071.733)	-
10 Export	530.131.072	68.289.803	5.813.580	-
11 Import	147.513.412	15.768.936	3.327.264	179.999

Foreign currency sensitivity

The Group is mainly exposed to foreign currency risk in Euro and US Dollar.

The following table details the Group's sensitivity to a 20% increase and decrease in the US Dollar and Euro. 20% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% change in foreign currency rates. Positive value indicates an increase in profit or loss and other equity items.

	30 June 2021	
	Profit / Loss Appreciation of foreign currency	Profit / Loss Depreciation of foreign currency
In case of 10% appreciation of US Dollar against TL		
1 - USD net asset / liability	7.758.503	(7.758.503)
2- Portion hedged from USD risk (-)	-	-
3 – USD net effect (1+2)	7.758.503	(7.758.503)
In case of 10% appreciation of Euro against TL		
4 - Euro net asset / liability	(5.582.924)	5.582.924
5 - Portion hedged from Euro risk (-)	-	-
6 – Euro net effect	(5.582.924)	5.582.924
TOTAL (3 + 6)	2.175.579	(2.175.579)

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

Foreign currency sensitivity (cont'd)

	31 December 2020	
	<u>Profit / Loss</u>	<u>Profit / Loss</u>
	<u>Appreciation of foreign currency</u>	<u>Depreciation of foreign currency</u>
In case of 10% appreciation of US Dollar against TL		
1 - USD net asset / liability	9.012.268	(9.012.268)
2 - Portion hedged from USD risk (-)	-	-
3 - USD net effect	<u>9.012.268</u>	<u>(9.012.268)</u>
In case of 10% appreciation of Euro against TL		
4 - Euro net asset / liability	(2.766.987)	2.766.987
5 - Portion hedged from Euro risk (-)	-	-
6- Euro net effect (4+5)	<u>(2.766.987)</u>	<u>2.766.987</u>
TOTAL (3 + 6)	<u>6.245.281</u>	<u>(6.245.281)</u>

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

Fair value hierarchy table

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.

Level classification of financial assets and liabilities recognized at fair value:

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:

Fair value hierarchy table:

	30 June 2021		
Financial assets at fair value in the balance sheet	Level 1	Level 2	Level 3
Financial assets at FVTPL	103.215.818	-	-
Derivative financial assets	-	230.734	-

	31 December 2020		
Financial assets at fair value in the balance sheet	Level 1	Level 2	Level 3
Financial assets at FVTPL	85.754.711	-	-
Derivative financial liabilities	-	(4.650.543)	-

21. EVENTS AFTER BALANCE SHEET DATE

None.