

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

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

CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
AS OF 31 MARCH 2021

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OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Condensed Consolidated Statement of Financial Position as of 31 March 2021

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

		Not reviewed	Audited
		Current Period	Prior Period
	Notes	31 March 2021	31 December 2020
ASSETS			
Current Assets		1.953.740.352	1.909.488.901
Cash and Cash Equivalents	3	526.037.803	448.831.807
Financial Investments	9	87.592.723	85.754.711
Trade Receivables	4-5	817.751.268	926.136.800
<i>Trade Receivables from Related Parties</i>	4	20.068.383	18.472.262
<i>Trade Receivables from Third Parties</i>		797.682.885	907.664.538
Other Receivables		32.909.773	12.242.448
<i>Other Receivables from Related Parties</i>	4	1.752.238	-
<i>Other Receivables from Third Parties</i>		31.157.535	12.242.448
Inventories	6	459.089.397	352.430.450
Prepaid Expenses	7	29.607.985	75.737.614
Current Tax Assets		-	134.884
Other Current Assets		751.403	8.220.187
Non-current Assets		2.049.226.805	2.063.237.639
Other Receivables		6.688.201	2.988.820
<i>Other Receivables from Related Parties</i>	4	-	-
<i>Other Receivables from Third Parties</i>		6.688.201	2.988.820
Investment Properties		29.816.775	29.954.268
Right-of-use Assets		16.080.331	16.791.857
Property, Plant and Equipment	8	1.815.776.580	1.835.124.391
Property, Plant and Equipment		80.835.307	83.063.745
<i>Goodwill</i>		7.062.941	7.062.941
<i>Other Intangible Assets</i>	8	73.772.366	76.000.804
Prepaid Expenses	7	10.790.915	6.851.266
Deferred Tax Assets	14	88.761.865	87.956.953
Other Non-current Assets		476.831	506.339
TOTAL ASSETS		4.002.967.157	3.972.726.540

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Condensed Consolidated Statement of Financial Position as of 31 March 2021

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

		Not reviewed	Audited
		Current Period	Prior Period
	Notes	31 March 2021	31 December 2020
LIABILITIES AND EQUITY			
Current Liabilities		1.449.398.578	1.554.271.751
Short-term Borrowings	12	677.366.148	707.265.009
Short-term Portion of Long-term Borrowings	12	96.634.579	103.009.662
Trade Payables	4-5	534.638.215	606.589.044
<i>Trade Payables to Related Parties</i>	4	125.733.481	135.632.596
<i>Trade Payables to Third Parties</i>		408.904.734	470.956.448
Payables Related to Employee Benefits		15.273.298	9.335.715
Other Payables		19.652.447	19.972.102
<i>Other Payables to Related Parties</i>	4	3.394.815	3.342.306
<i>Other Payables to Third Parties</i>		16.257.632	16.629.796
Deferred Income	7	23.269.781	22.883.869
Derivative Instruments		831.686	4.650.543
Current Tax Liabilities	14	36.888.865	31.200.804
Short-term Provisions		44.483.645	49.358.806
<i>Short-term Provisions for Employee Benefits</i>		18.850.001	15.300.000
<i>Other Short-term Provisions</i>	10	25.633.644	34.058.806
Other Short-term Liabilities		359.914	6.197
Non-current Liabilities		139.743.837	136.303.584
Long-term Borrowings	12	18.756.085	19.055.021
Deferred Income	7	-	239.771
Long-term Provisions		120.987.752	117.008.792
Long-term Provisions for Employee Benefits		113.318.410	106.291.720
Other Long-term Provisions	10	7.669.342	10.717.072
TOTAL LIABILITIES		1.589.142.415	1.690.575.335

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Condensed Consolidated Statement of Financial Position as of 31 March 2021

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

		Not reviewed	Audited
		Current Period	Prior Period
	Notes	31 March 2021	31 December 2020
EQUITY		2.413.824.742	2.282.151.205
Equity Attributable to Parent		2.413.824.742	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		(14.620.649)	(14.620.649)
- <i>Gains (Losses) on Remeasurement of Defined Benefit Plans</i>		(14.620.649)	(14.620.649)
Other Accumulated Comprehensive Income (Expenses) That Will Be Reclassified To Profit or Loss		2.759.016	3.371.128
- <i>Foreign Currency Translation Differences</i>		2.759.016	3.371.128
Restricted Reserves Appropriated from Profit The Effect of Mergers Involving Undertaking or Enterprises Subject to Common Control	13	405.954.871	405.954.871
Prior Years' Profit or Loss		(305.979.569)	(407.972.757)
Net Profit or Loss for the Period		905.464.705	649.004.587
		132.285.649	358.453.306
TOTAL LIABILITIES AND EQUITY		4.002.967.157	3.972.726.540

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Three-month Interim Period Ended 31 March 2021

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

		Restated (Note 2.6)	
		Not reviewed	Not reviewed
		Current Period	Prior Period
		1 January - 31 March 2021	1 January - 31 March 2020
Notes			
PROFIT OR LOSS			
Revenue	16	848.278.311	495.203.875
Cost of Sales (-)	16	(628.200.146)	(446.733.610)
GROSS PROFIT		220.078.165	48.470.265
General Administrative Expenses (-)		(55.522.305)	(38.059.491)
Marketing Expenses (-)		(5.894.144)	(4.476.415)
Research and Development Expenses (-)		(2.062.779)	(1.903.633)
Other Income from Operating Activities	17	28.966.108	17.968.096
Other Expenses from Operating Activities (-)	17	(37.609.747)	(12.906.247)
OPERATING PROFIT		147.955.298	9.092.575
Income from Investment Activities	19	14.179.638	475.349
Expenses from Investment Activities (-)	19	(91.912)	(17.430.394)
OPERATING PROFIT BEFORE FINANCIAL INCOME (EXPENSE)		162.043.024	(7.862.470)
Finance Income	18	51.808.054	19.622.552
Finance Expense (-)	18	(49.913.390)	(30.931.038)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		163.937.688	(19.170.956)
Tax Expense (Income)		(31.652.039)	(427.986)
Current Tax Expense	14	(32.456.951)	(11.469.185)
Deferred Tax Income	14	804.912	11.041.199
PROFIT FOR THE PERIOD		132.285.649	(19.598.942)
Profit for the Period Attributable to		132.285.649	(19.598.942)
Non-controlling Interests		-	-
Owners of the Parent		132.285.649	(19.598.942)
Earning Per Share			
Earning Per Share (Nominal value of TL 1)	15	0,11	(0,02)

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Three-month Interim Period Ended 31 March 2021

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

		Restated
		Not reviewed
		Prior Period
		1 January –
		31 March
	Notes	2021
		2020
CURRENT PROFIT		132.285.649
Items that Will Not Be Reclassified to Profit or Loss:		(19.598.942)
Loss:		
Gains / (Losses) on Remeasurement of Defined Benefit Plans		-
Taxes Related to Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	14	-
Items that Will Be Reclassified to Profit or Loss:		
Foreign Currency Translation Differences		(612.110)
TOTAL COMPREHENSIVE EXPENSE		(612.110)
TOTAL COMPREHENSIVE INCOME		131.673.539
Profit for the Period Attributable to		131.673.539
Non-controlling Interests		-
Owners of the Parent		131.673.539

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Condensed Consolidated Statement of Changes in Equity for the Three-month Interim Period Ended 31 March 2021

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

	Share Capital	Capital Adjustment Differences	Repurchased Shares	Share Issuance Premiums	Restricted Reserves Appropriated from Profit	Gains / Losses on Remeasurement of Defined Benefit Plans	Shares of Other Comprehensive Income of Investments Valued By Equity Method That Will Not Be Classified In Profit / Loss	Foreign Currency Translation Differences	The Effect of Mergers Involving Undertaking or Enterprises Under Common Control	Prior Years' Profit	Net Profit for the Period	Equity
Balance as of 1 January 2020 (Restated)	785.527.741	134.868.176	-	234.322	405.954.871	(13.283.541)	-	7.083.654	(46.204.406)	736.199.392	-	2.010.380.209
Total comprehensive income/(expense)	-	-	-	-	-	-	-	(100.290)	-	-	(19.598.943)	(19.699.233)
<i>Profit for the Period</i>	-	-	-	-	-	-	-	-	-	-	(19.598.943)	(19.598.943)
<i>Other Comprehensive Expense</i>	-	-	-	-	-	-	-	(100.290)	-	-	-	(100.290)
31 March 2020 (Restated)	785.527.741	134.868.176	-	234.322	405.954.871	(13.283.541)	-	6.983.364	(46.204.406)	736.199.392	(19.598.943)	1.990.680.976
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)	-	-	-	-	-	-	-	(612.112)	-	-	132.285.649	131.673.537
<i>Profit for the Period</i>	-	-	-	-	-	-	-	-	-	-	132.285.649	132.285.649
<i>Other Comprehensive Expense</i>	-	-	-	-	-	-	-	(612.112)	-	-	-	(612.112)
31 March 2021	1.159.793.441	134.868.176	(6.935.220)	234.322	405.954.871	(14.620.649)	-	2.759.016	(305.979.569)	905.464.705	132.285.649	2.413.824.742

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Condensed Consolidated Statement of Cash Flows for the Three-month Interim Period Ended 31 March 2021

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

		Restated	
		Not reviewed	
		Not reviewed	
		Current Period	
		Prior Period	
	Notes	1 January – 31 March 2021	
		1 January– 31 March 2020	
A. CASH FLOWS FROM OPERATING ACTIVITIES		166.114.782	84.170.381
Profit for the Period		132.285.649	(19.598.942)
Adjustments Related to Reconciliation of Net Profit for the Period		116.183.829	77.156.469
- Adjustments Related to Depreciation and Amortization Expenses		40.391.720	35.880.969
- Adjustments Related to Provisions		16.039.772	16.320.557
- Adjustments related to Employee Benefits		10.576.691	2.655.781
- Adjustments Related to Provisions (Reversal of) for Legal Cases	10	1.000.000	(35.204)
- Adjustments Related to Other Provisions (Reversals)		4.463.081	13.699.980
- Adjustments Related to Interest (Income) and Expenses		13.940.456	18.598.450
- Adjustments Related to Interest Income	18	(12.534.288)	(7.691.044)
- Adjustments Related to Interest Expense		26.474.744	26.289.494
- Adjustments Related to Fair Value Losses (Gains)		(1.838.011)	15.537.903
- Adjustments Related to Fair Value (Gains) /Losses of Financial Assets	19	(1.838.011)	15.537.903
- Adjustments Related to Unrealized Foreign Currency Translation Differences		15.997.853	-
- Adjustments Related to Tax Income / Expense	14	31.652.039	(9.181.410)
Changes in Working Capital		(38.649.833)	27.660.211
- Adjustments Related to Increase in Trade Receivables	5	108.385.532	41.094.580
- Decrease (Increase) in Trade Receivables from Related Parties		(1.596.121)	(2.266.466)
- Decrease (Increase) in Trade Receivables from Third Parties		109.981.653	43.361.046
- Adjustments Related to Decrease (Increase) in Other Receivables Related to Operations		(13.063.657)	(18.783.103)
- Decrease (Increase) in Other Receivables Related to Operations from Related Parties		(1.752.238)	5.384.640
- Decrease (Increase) in Other Receivables Related to Operations from Third Parties		(11.311.419)	(24.167.743)
- Adjustments Related to Increase in Inventories	6	(106.658.947)	5.695.833
- Adjustments Related to Increase (Decrease) in Other Non-current Assets		(3.669.872)	(2.348.950)
- Decrease (Increase) in Prepaid Expenses	7	42.189.980	(3.539.542)
- Adjustments Related to Increase in Trade Payables	5	(71.950.829)	21.206.744
- Increase (Decrease) in Trade Payables to Related Parties		(9.899.115)	(914.275)
- Increase (Decrease) in Trade Payables to Third Parties		(62.051.714)	22.121.019
- Increase in Payables Related to Employee Benefits		5.937.583	3.174.827
- Adjustments Related to Increase / (Decrease) in Other Operating Payables		34.236	(46.005)
- Increase (Decrease) in Other Operating Payables to Related Parties		52.509	(1.421.975)
- Increase (Decrease) in Other Operating Payables to Third Parties		(18.273)	1.375.970
- Increase / (Decrease) in Deferred Income		146.141	(18.794.173)
Cash Flows from Operations		209.819.645	85.217.738
- Payments Related to Provision for Employee Benefits		-	(859.621)
- Tax Payments	14	(26.768.890)	(187.736)
- Payments for Provisions	10	(16.935.973)	-

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Condensed Consolidated Statement of Cash Flows for the Three-month Interim Period Ended 31 March 2021

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

		Restated	
		Not reviewed	
		Not reviewed	
		Current Period	
		Prior Period	
	Notes	1 January – 31 March 2021	
		1 January– 31 March 2020	
B. CASH FLOWS FROM INVESTING ACTIVITIES		(16.747.118)	(107.916.000)
- Cash Inflows from Sale of Property, Plant and Equipment and Intangible Assets	8	33.125	11.910
- Cash Outflows from Purchase of Property, Plant and Equipment and Intangible Assets	8	(16.780.243)	(107.927.910)
C. CASH FLOWS FROM FINANCING ACTIVITIES		(71.547.939)	88.105.449
- Cash Inflows From Borrowing		20.414.428	202.964.801
- <i>Cash Inflows from Loans</i>		20.414.428	202.964.801
- <i>Cash Inflows from Other Borrowings</i>		-	-
- Cash Outflows Related to Debt Payments		(72.717.478)	(98.611.842)
- <i>Cash Outflows Related to Loan Repayments</i>		(72.717.478)	(94.705.061)
- <i>Cash Outflows from Payments of Other Borrowings</i>		-	(3.906.781)
- Interest Paid		(29.459.711)	(23.938.554)
- Interest Received	18	12.534.288	7.691.044
- Cash Outflows from Loan Payments Arising from Lease Agreements		(2.319.466)	-
D. NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		77.819.725	64.359.830
Effect of Foreign Currency Translation Differences on Cash and Cash Equivalents		(1.250.310)	(375.235)
E. NET INCREASE IN CASH AND CASH EQUIVALENTS		76.569.415	63.984.595
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3	448.831.807	368.764.091
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3	525.401.222	432.748.686

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements for the Three-month Interim Period Ended 31 March 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.

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 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. Detailed information about OYAK can be found on its official website (www.oyak.com.tr).

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, a subsidiary of the Group, 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 31 March 2021 is 2.040 (31 December 2020: 1.996).

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 Consolidated Financial Statements

The condensed consolidated financial statements have been approved and authorized to be published on 21 May 2021 by the Board of Directors.

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements for the Three-month Interim Period Ended 31 March 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 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. 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 condensed consolidated 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.

The condensed consolidated financial statements are prepared on the basis of historical cost, except for the revaluation of financial investments and derivative financial instruments. In determining the historical cost, the fair value of the amount paid for the assets is generally taken as basis.

Entities are allowed to prepare their interim financial statements as full set or condensed according to the Turkish Accounting Standard 34. The Group has preferred to prepare condensed financial statements for interim periods. Therefore, the interim condensed consolidated financial statements must be evaluated together with the financial statements of the Company and other companies detailed in Note 1 as at 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 (valid) 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>31 March 2021</u>	<u>31 December 2020</u>
("RON") / TL Year-End	1,9775	1,8373
("RON") / TL Average	1,8113	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.

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements for the Three-month Interim Period Ended 31 March 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 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

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 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.

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 31 March 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	31 March	31 December
			2021	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, it does not have any activity.

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements for the Three-month Interim Period Ended 31 March 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

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 management assessed that the adoption of this amendment does not have any 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	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

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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

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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)

2.2 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.

The changes in COVID-19 Related Rent Concessions (Amendment to IFRS 16) brings practical expedient which allows a lessee to elect not to assess whether a COVID 19 related rent concession is a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID 19 and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- there are no substantive changes to other terms and conditions of the lease.

Privileges Recognized in Lease Payments Regarding COVID-19 Changes Regarding TFRS 16 will be applied by the tenants in the annual accounting periods starting from 1 June 2020 or after, but early implementation is allowed. The mentioned amendment does not have a significant impact on the consolidated financial statements of the Group.

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements for the Three-month Interim Period Ended 31 March 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 financial statements for the three-month interim period ended 31 March 2021 have been prepared in accordance with TAS 34 standard of TFRS for the preparation of interim financial statements. In addition, the condensed consolidated financial statements for the interim period ended 31 March 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 interim condensed consolidated financial statements should be evaluated together with the financial statements of all of the consolidated companies detailed in Note 1 as of 31 December 2020.

Business Combinations

The Group has applied TFRS 3 “Business Combinations”.

Goodwill is not included in the financial statements due to the recognition of business combinations subject to joint control by merging rights. When applying the method of merging rights, the financial statements should be corrected and presented comparatively as of the beginning of the reporting period when the joint control occurred, as if the combination began from the beginning of that period. As it is appropriate to consider in the sense of the parent in the presentation of the business combinations subject to joint control in the financial statements, on and after the date of the acquisition of control by the entity having control of the group in the consolidation process over the entities under common control, the financial statements are restated as if that is done according to TAS, in accordance with the provisions of TAS including combination accounting. “The Effects of Combinations Including Enterprises or Entities Subject to Common Control” account is used as an equalizing account under shareholders' equity in order to eliminate the possible asset - liability mismatch resulting from business combination subject to common control. The effects of the aforementioned policy implementation on the Group's prior period consolidated financial statements are presented in Note 2.6.

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.

2.5 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

If changes in accounting estimates and errors 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.

The accounting errors which are identified are applied retrospectively and consolidated financial statements of prior period are restated. The Group does not have any significant accounting errors in the current year.

2.6 Comparative Information and Restatement of Prior Period Financial Statements

The condensed consolidated financial statements of the Group are prepared in comparison with the previous period in order to allow the determination of financial position and performance. In order to maintain consistency with current year condensed consolidated financial statements, comparative information is reclassified and significant changes are disclosed if necessary.

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements for the Three-month Interim Period Ended 31 March 2021

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

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

2.6 Comparative Information and Restatement of Prior Period Financial Statements (cont'd)

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. TFRS 3 "Business Combinations" standard defines business combinations in which all the merging undertakings or businesses are controlled by the same person or persons before and after the business combination and where the control is not temporary as "business combinations under common control", and such mergers are outside the scope of TFRS 3. Considering the merger that took place on 14 May 2020, it was concluded that the transaction was a business merger under common control, considering that the controlling party did not change before

The POA has a principle decision ("Principle Decision") dated 11 October 2018, numbered 75935942-050.01.04-[04/177], regarding the method to be applied in the accounting of business combinations under common control. According to this decision, the method of combining rights is applied in the accounting of business combinations subject to common control. The business that acquires according to this method takes the assets and liabilities of the acquired business into their financial statements over the book values determined in accordance with TFRS at the merger date. In this context, the following principles are followed:

- (a) The book values of the acquired company's assets and liabilities in terms of the party holding common control as of the merger date are taken into account. In this respect, as the book values of the said assets and liabilities, the book values that should be included as of the merger date in the appropriate statement of financial position are used:
- i. Consolidated statement of financial position in accordance with TFRS, in which the party holding joint control or a higher parent company also includes the acquired business. In this context, the identifiable assets and liabilities (goodwill, brand value, customer lists, contingent liabilities, etc.) that arose in accordance with TFRS 3 as a result of the previous acquisition of the acquired business by the relevant company (of the party holding joint control or a higher parent company) are also considered as assets of the acquired business.
 - ii. If the financial position statement in sub-clause (i) is not available for the following reasons, the financial position table of the acquired entity prepared in accordance with TFRS:
 - Failure to prepare financial statements due to the fact that the party holding joint control is a real person.
 - Preparing financial statements of both the party holding joint control and a higher parent company in accordance with a reporting framework other than TFRS.

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements for the Three-month Interim Period Ended 31 March 2021

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

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

2.6 Comparative Information and Restatement of Prior Period Financial Statements (cont'd)

(b) Necessary adjustments are made to apply uniform accounting policies.

(c) The equity, income, expenses and cash flows, as well as in-group assets and liabilities related to the transactions between the acquirer and the acquired entity are all eliminated.

(d) Unlike the purchasing method stipulated in TFRS 3; The acquired entity's assets and liabilities are not remeasured at their fair value at the merger date and even if the acquired entity has another identifiable asset or liability other than those included in the statement of financial position used in accordance with paragraph (a) as of the merger date, they are not included in the financial statements.

Various imbalances of assets and liabilities that may occur due to a business combination subject to joint control are presented under the heading of "Share Premiums" or "The Effects of Combinations Including Enterprises or Entities Subject to Common Control" under the equity in line with the direction of the difference, and the costs incurred in connection with the merger are directly reflected in the profit or loss statement .

As explained in the Principle Decision, while applying the method of combining rights, the merger transaction is presented by correcting the current and comparative period financial statements as if the merger was realized as of the beginning of the period presented in comparison. In this context, assuming that the merger was realized as of 1 January 2019, the prior period's consolidated financial statements were restated in order to comply with the current year's consolidated financial statements. Regarding the asset liability imbalance that occurred during the merger, the relevant amount is presented under the heading "The Effects of Combinations Including Enterprises or Entities Subject to Common Control" under equity. Details of the restated consolidated financial statements using the combination of rights method are presented on the following pages.

According to the Principle Decision, if the business acquired as a result of the business combination subject to common control ceases to exist and is included in the acquiring business, the amounts included in " The Effects of Combinations Including Enterprises or Entities Subject to Common Control" item must be transferred to "Prior Years' Profit" and must be covered in equal installments at five accounting periods starting from the accounting period in which the event occurred. The difference that arose as a result of the merger under equity, as the assets of the enterprises merged as a result of the merger as of 14 May 2020, started to be transferred to previous years' profits in five equal installments as of the period ending on 31 December 2020.

In addition, OYAK Beton, the subsidiary of the Group, in which the Group had 100% shares after the merger, was accounted by the equity method in the financial statements of the merged companies as of 31 December 2019. After the merger, OYAK Beton started to be consolidated in the attached financial statements of the Group, and in the previous period financial statements prepared by the method of combining rights, it has been consolidated so that the financial statements can be compared.

As of 31 December 2020, OYAK Beton was merged with the Company by applying the "Facilitated Merger" method as a whole of all its assets and liabilities.

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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for the Three-month Interim Period Ended 31 March 2021

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

2.4 Comparative Information and Restatement of Prior Period Financial Statements (cont'd)

	Reported							Restated
	Mardin Çimento	Adana Çimento	Bolu Çimento	Ünye Çimento	Aslan Çimento	OYAK Beton	Elimination and Merger Effect (*)	31 March 2020
PROFIT OR LOSS								
Revenue	31.137.402	163.948.615	104.116.309	72.228.786	85.266.177	120.573.361	(82.066.775)	495.203.875
Cost of Sale (-)	(30.506.660)	(129.634.007)	(99.138.095)	(58.126.654)	(92.357.659)	(117.792.060)	80.821.525	(446.733.610)
GROSS PROFIT	630.742	34.314.608	4.978.214	14.102.132	(7.091.482)	2.781.301	(1.245.250)	48.470.265
General Administrative Expenses (-)	(3.725.257)	(9.563.216)	(6.403.085)	(5.812.915)	(8.637.568)	(3.854.891)	(62.559)	(38.059.491)
Marketing Expenses (-)	(295.612)	(1.455.774)	(650.796)	(778.141)	(463.935)	(784.459)	(47.698)	(4.476.415)
Research and Development Expenses (-)	-	(110.000)	(1.070)	-	(239.366)	(1.792.563)	239.366	(1.903.633)
Other Income from Operating Activities	1.426.206	6.836.615	1.954.370	4.388.586	3.483.380	622.629	(743.690)	17.968.096
Other Expenses from Operating Activities (-)	(1.097.938)	(3.528.096)	(852.374)	(1.522.311)	(6.535.114)	(78.370)	707.956	(12.906.247)
OPERATING PROFIT	(3.061.859)	26.494.137	(974.741)	10.377.351	(19.484.085)	(3.106.353)	(1.151.875)	9.092.575
Income from Investment Activities	-	587.019	15.798	50.980	327.872	-	(506.320)	475.349
Expenses from Investment Activities (-)	(3.336.057)	(5.923.967)	-	(6.684.392)	(227.113)	-	(1.258.866)	(17.430.395)
Shares from Profit / (Loss) of Investment Valued by Equity Method	-	(1.016.316)	(869.335)	(869.378)	(869.161)	-	3.624.190	-
OPERATING PROFIT BEFORE FINANCE INCOME (EXPENSE)	(6.397.916)	20.140.873	(1.828.278)	2.874.561	(20.252.487)	(3.106.353)	707.130	(7.862.470)
Finance Income	1.815.221	14.698.006	1.103.762	1.600.583	82.149	322.833	(2)	19.622.552
Finance Expenses (-)	(592.849)	(3.744.660)	(12.795.285)	(1.973.708)	(11.036.399)	(841.005)	52.868	(30.931.038)
PROFIT BEFORE TAX	(5.175.544)	31.094.219	(13.519.801)	2.501.436	(31.206.737)	(3.624.525)	759.996	(19.170.956)
Tax Expense (Income)	431.431	(7.328.428)	2.482.799	(2.407.679)	6.454.780	-	(60.889)	(427.986)
Current Tax Expense	(141.599)	(8.368.435)	-	(2.959.151)	-	-	0	(11.469.185)
Deferred Tax Income	573.030	1.040.007	2.482.799	551.472	6.454.780	-	(60.889)	11.041.199
PROFIT FOR THE PERIOD	(4.744.113)	23.765.791	(11.037.002)	93.757	(24.751.957)	(3.624.525)	699.107	(19.598.942)

(*) OYAK Beton, a subsidiary of the Group, was accounted for using the equity method in the financial statements of its merged companies as of 31 March 2020. OYAK Beton started to be consolidated in the accompanying financial statements of the Group after the merger process, and in the prior period financial statements prepared by the combination of rights method are consolidated in order to make the financial statements comparable, and the effects are presented in the column "Elimination and merger effect".

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)

2.7 Segment Reporting

Operations of each factory of the Group are defined as the geographical operating division. However, considering the nature of the products and production processes, the type of customer for their products and services, and the methods they use to distribute their products or provide their services, the segments have been combined in the interim condensed consolidated financial statements as a single operating segment with similar economic characteristics.

3. CASH AND CASH EQUIVALENTS

	31 March 2021	31 December 2020
Bank	515.279.101	444.235.631
Demand deposits	5.286.388	4.767.079
Time deposits with a maturity of less than three months (*)	509.992.713	439.468.552
Other cash and cash equivalents (**)	10.758.702	4.596.176
	526.037.803	448.831.807
Less : Interest accruals	(636.581)	(625.534)
Cash and cash equivalents in the statement of cash flow	525.401.222	448.206.273

(*) Interest rates of time deposits for TL deposits varies from 10% to 19,50% (31 December 2020: 4,50%-18,00%), whereas for US Dollar deposits it is 2,25% and for RON deposits it is 0,34% (31 December 2020: US Dollar: 0,01%-3,50%, RON: 1,00%).

(**) 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 25 days (25 days, as of 31 December 2020).

As of 31 March 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 31 March 2021 and 31 December 2020, and the transaction amounts and balances made with these institutions for the periods ending on 31 March 2021 and 31 March 2020 are as follows:

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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4. RELATED PARTY DISCLOSURES (cont'd)

	31 March 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	
Ultimate parent									
Ordu Yardımlaşma Kurumu (OYAK)	-	-	-	-	892.817	-	-	-	-
Parent									
OYAK Çimento Anonim Şirketi	-	-	-	-	1.999.820	-	-	-	-
Other companies managed by the ultimate parent									
OYAK Denizcilik ve Liman İşletmeleri A.Ş.	726.778	-	-	-	-	-	-	-	-
Erdemir Çelik Servis Merkezi San. Ve Tic. A.Ş.	184	-	-	-	-	-	-	-	-
OYKA Kağıt Ambalaj San. ve Tic. A.Ş.	-	-	-	-	19.524.863	-	-	-	-
Omsan Lojistik A.Ş.	-	-	-	-	12.767.314	-	-	-	-
OYAK Denizcilik ve Liman İşletmeleri A.Ş.	-	-	-	-	2.364.332	-	-	-	-
OYAK İnşaat A.Ş.	5.295.802	-	-	-	-	-	-	-	-
Ereğli Demir Çelik Fabrikaları T.A.Ş.	-	-	-	-	8.302.458	-	-	-	-
İskenderun Demir ve Çelik A.Ş.	-	-	-	-	20.554.577	-	-	-	-
İskenderun Enerji Üretim ve Tic. A.Ş.	-	-	-	-	723.548	-	-	-	-
Mais Motorlu Araçlar İmal ve Satış A.Ş.	-	-	-	-	37.539	-	-	-	-
OYAK Pazarlama Hizmet ve Turizm A.Ş.	-	-	-	-	8.465.442	-	-	-	-
OYAK Grup Sigorta ve Reasürans Brokerliği A.Ş.	-	-	-	-	4.774.467	-	-	-	-
OYAK Savunma ve Güvenlik Sistemleri A.Ş.	-	-	-	-	3.724.827	-	-	-	-
Güzel Enerji Akaryakıt A.Ş.	-	-	-	-	504.957	-	-	-	-
Doco Petrol ve Danışmanlık A.Ş.	-	-	-	-	4.771.490	-	-	-	-
Oytaş İç ve Dış Ticaret A.Ş.	-	-	-	-	-	2.357.297	-	-	-
Kümaş Manyezit Sanayi A.Ş.	-	-	-	-	14.164.222	-	-	-	-
Cimpor - Industria de Cimentos	98.248	-	-	-	-	-	-	-	-
Other	-	-	-	-	261.404	1.037.518	-	-	-
Other companies managed by the parent									
Denizli Çimento San. Tic. A.Ş.	-	-	-	-	21.899.404	-	-	-	-
Cimpor Cote D'ivoire SARL	13.947.371	1.752.238	-	-	-	-	-	-	-
	20.068.383	1.752.238	-	-	125.733.481	3.394.815	-	-	-

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements for the Three-month Interim Period Ended 31 March 2021

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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
Ultimate parent								
Ordu Yardımlaşma Kurumu (OYAK)	-	-	-	-	1.348.568	-	-	-
Parent								
OYAK Çimento A.Ş.	-	-	-	-	7.163.975	-	-	-
Other companies managed by the ultimate parent								
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	-	-
Other companies managed by the parent								
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

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

4. RELATED PARTY DISCLOSURES (cont'd)

Balances with related parties	1 January – 31 March 2021							
	Purchases	Sales	Interest received	Interest paid	Lease income	Other income	Commission expenses	Other expenses
Ultimate partner								
Ordu Yardımlaşma Kurumu (OYAK)	-	-	-	-	-	-	-	756.625
Partner								
OYAK Çimento A.Ş. (1)	-	-	-	-	-	1.445.758	-	30.000
Other companies managed by the ultimate parent								
OYAK İnşaat A.Ş.	-	5.368.640	-	-	133.333	1.365	-	14.955
Omsan Lojistik A.Ş.	11.480.144	-	-	-	-	35.987	-	2.957
OYKA Kağıt Ambalaj San. ve Tic. A.Ş. (2)	18.395.287	-	-	-	-	14.757	-	-
İskenderun Demir ve Çelik A.Ş. (9)	10.442.505	8.800	-	-	-	-	-	823.130
İskenderun Enerji Üretim ve Tic.A.Ş.	469.612	-	-	-	-	-	-	-
Mais Motorlu Araçlar İmal ve Satış A.Ş.	21.451	-	-	-	-	-	-	-
OYAK Elektrik Enerjisi Toptan Satış A.Ş. (3)	83.877.077	-	-	-	-	1.848.451	-	-
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (9)	6.616.066	-	-	-	-	818.748	-	-
Erdemir Çelik Servis Merkezi San. Ve Tic. A.Ş.	-	-	-	-	-	660	-	-
OYAK Pazarlama Hizmet ve Turizm A.Ş. (6)	4.493.341	-	-	-	-	-	-	1.878.559
OYAK Savunma ve Güvenlik Sistemleri A.Ş. (5)	5.777.783	-	-	-	-	71.839	-	-
Omsan Denizcilik A.Ş. (4)	6.732.179	-	-	-	-	-	-	-
OYAK Yatırım Menkul Değerler A.Ş.	90.000	-	-	-	-	-	-	-
OYAK Denizcilik Ve Liman İşl. A.Ş.	-	-	-	-	-	66.539	-	-
Akdeniz Chemson Kimya San. Ve Tic.A.Ş.	87.551	-	-	-	-	-	-	-
Hektaş Ticaret T.A.Ş.	7.153	-	-	-	-	-	-	-
Doco Petrol Ve Danışmanlık A.Ş.	8.510.854	-	-	-	-	-	-	-
Güzel Enerji Yakıt A.Ş. (10)	1.202.242	-	-	-	-	-	-	-
Other companies managed by the parent								
Denizli Çimento A.Ş. (8)	13.897.445	109.139	-	-	38.780	1.236.079	-	448.005
Cimpor Industria de Cimentos S.A.	-	-	-	-	-	89.575	-	-
Cimpor Cote d'Ivoire SARL	-	-	-	-	-	642.519	-	-
	172.100.690	5.486.579	-	-	172.113	6.272.277	-	3.954.231

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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4. RELATED PARTY DISCLOSURES (cont'd)

Transactions with related parties	1 January – 31 March 2020							
	Purchases	Sales	Interest received	Interest paid	Lease income	Other income	Commission expenses	Other expenses
Ultimate partner								
Ordu Yardımlaşma Kurumu (OYAK)	2.484	-	-	-	-	-	-	7.758
Partner								
OYAK Çimento A.Ş. (1)	2.743.992	-	-	-	-	1.947.235	-	5.410.288
Other companies managed by the ultimate parent								
Oyka Kağıt Ambalaj San. ve Tic. A.Ş.(2)	6.699.484	-	-	-	-	84.451	-	-
Omsan Denizcilik A.Ş. (4)	3.531.463	-	-	-	-	-	-	-
OYAK Denizcilik ve Liman İşletmeleri A.Ş.	-	-	-	-	-	-	-	-
İskenderun Demir ve Çelik A.Ş. (9)	6.733.616	-	-	-	-	4.656	-	-
İskenderun Enerji Üretim ve Tic.A.Ş.	288.092	-	-	-	-	-	-	-
Oytaş İç ve Dış Ticaret A.Ş.	-	-	-	55.061	2.513	6.729	-	-
OYAK İnşaat A.Ş.	180.000	-	-	-	-	-	-	-
OYAK Savunma ve Güvenlik Sistemleri A.Ş.(5)	3.347.680	-	-	-	-	82.152	-	951.040
Omsan Lojistik A.Ş. (4)	6.289.467	-	-	-	-	-	-	8.189
OYAK Yatırım Menkul Değerler A.Ş.	30.000	-	-	-	-	-	-	1.500
Mais Motorlu Araçlar İmal ve Satış A.Ş.	17.818	-	-	-	-	-	-	2.000
Erdemir Çelik Servis Merkezi San. Ve Tic. A.Ş.	-	-	-	-	-	708	-	-
OYAK Elektrik Enerjisi Toptan Satış A.Ş.(3)	57.505.518	-	-	-	-	872.077	-	-
OYAK Pazarlama Hizmet Ve Tur.A.Ş. (6)	3.805.189	-	-	-	-	-	-	1.159.320
OYAK Grup Sigorta Ve Reasürans Brokerliği A.Ş. (7)	785.627	-	-	-	-	-	-	-
Ereğli Demir Çelik Fabrikaları T.A.Ş. (9)	1.595.405	-	-	-	-	-	-	-
Other companies managed by the parent								
Denizli Çimento Sanayii Türk A.Ş. (8)	141.461	-	-	-	-	125.577	-	-
	93.697.296	-	-	55.061	2.513	3.123.585	-	7.540.095

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

4. RELATED PARTY DISCLOSURES (cont'd)

Disclosures related to transactions with related parties for the period 1 January – 31 March 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 Omsan Lojistik A.Ş., Omsan Denizcilik A.Ş. consist of transportation service.
- (5) Purchases of 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 of Denizli Çimento A.Ş. consist of cement purchased for ready mixed concrete.
- (9) Purchases of Ereğli Demir Çelik Fabrikaları T.A.Ş., İskenderun Enerji Üretim Tic. A.Ş. consist of purchases of raw material.
- (10) Purchases of 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- 31 March 2021	1 January- 31 March 2020
Salaries and other short-term benefits	1.470.416	1.736.136
Other long-term benefits	-	-
	1.470.416	1.736.136

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	31 March 2021	31 December 2020
Trade receivables, net	765.400.327	840.383.892
Notes receivable	111.828.229	140.056.465
Trade receivables from related parties (Note 4)	20.068.383	18.472.262
Provision for doubtful trade receivables (-)	(71.339.996)	(71.339.996)
Expected loan loss provision (-)	(8.205.675)	(1.435.823)
	817.751.268	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 31 December 2021, there are receivables from customers who declared concordat amounting to TL 61.749.290 (31 December 2020: TL 65.082.907) and there is a guarantee related to them with registered value amounting in total to TL 63.660.292 (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.

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

5. TRADE RECEIVABLES AND PAYABLES (cont'd)

a) Trade Receivables (cont'd)

As of 31 March 2021, provision for doubtful receivables has been made for the portion of trade receivables amounting to TL 71.339.996 (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- 31 March 2021	1 January- 31 March 2020
Opening balance	(71.339.996)	(69.365.533)
Charge for the period	-	-
Reversal of provision	-	-
Collections	-	70.000
Closing balance	(71.339.996)	(69.295.533)

b) Trade Payables

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

Short-term trade payables	31 March 2021	31 December 2020
Trade payables	408.904.734	466.651.448
Trade payables to related parties (Note:4)	125.733.481	135.632.596
Debt securities	-	4.305.000
	534.638.215	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

	31 March 2021	31 December 2020
Raw material	316.777.327	258.659.748
Semi-finished goods	107.645.473	58.543.873
Finished goods	31.436.254	22.854.590
Trade goods	68.674	2.304.929
Impairment on inventories	(2.053.625)	(2.053.625)
Goods in transit	2.475.837	9.502.485
Other inventories	2.739.457	2.618.450
	459.089.397	352.430.450

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7. PREPAID EXPENSES AND DEFERRED INCOME

a) Prepaid Expenses

Short-term Prepaid Expenses	31 March 2021	31 December 2020
Prepaid expenses	-	3.187.204
Prepaid insurance	13.233.363	14.233.659
Order advances given for inventory purchase	16.374.622	58.316.751
	29.607.985	75.737.614

Long-term Prepaid Expenses	31 March 2021	31 December 2020
Order advances given for fixed asset purchases	10.790.915	6.840.390
Prepaid expenses	-	10.876
	10.790.915	6.851.266

b) Deferred Income

Short-term Deferred Income	31 March 2021	31 December 2020
Deferred income and order advances received	22.492.379	22.706.966
Deferred income	777.402	176.903
	23.269.781	22.883.869

Long-term Deferred Income	31 March 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 three-month period ended on 31 March 2021 amounts to TL 1.815.776.580 (31 December 2020: TL 1.835.124.391).

Property, plant and equipment purchased in the three-month period ended on 31 March 2021 amounts to TL 16.226.437 (31 March 2020: TL 107.927.910).

Property, plant and equipment sold in the three-month period ended on 31 March 2021 amounts to TL 33.125 (31 March 2020: TL 11.910).

b) Intangible Assets

Net book value of intangible assets held in the three-month period ended on 31 March 2021 amounts to TL 73.772.366 (31 December 2020: TL 76.000.804).

Intangible assets purchased in the three-month period ended on 31 March 2021 amounts to TL 553.806 (31 March 2020: None).

There are no intangible assets sold in the three-month period ended on 31 March 2021 (31 March 2020: None).

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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9. FINANCIAL INVESTMENTS

	31 March 2021	31 December 2020
Short-term financial investments		
Financial investments at fair value through profit or loss	87.592.723	85.754.711
	87.592.723	85.754.711

Financial investments at fair value through profit or loss:

Shareholders	Share rate %	31 March 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	87.592.723	7.245.316	< 1	85.754.711	7.245.316

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

Shares traded on the stock exchange are valued at the best purchase price as of the balance sheet date.

10. PROVISIONS

	31 March 2021	31 December 2020
Short-term provisions		
State provision for the mine (*)	12.170.625	9.387.462
Provision for legal cases	11.983.101	10.983.101
Other short-term provisions (**)	1.479.918	13.688.243
	25.633.644	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.

	31 March 2021	31 December 2020
Long-term provisions		
Expense provision for adequate pay	2.393.268	5.440.998
Mine rehabilitation fee	5.276.074	5.276.074
	7.669.342	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 31 March 2021 and 2020 is presented below.

	Short-term		Long-term		
	State provision for the mine	Provision for legal cases	Other provisions	Mine rehabilitation fee	Adequate pay expense provision
As of 1 January 2021	9.387.462	10.983.101	13.688.243	5.276.074	5.440.998
Additional provision	2.783.163	1.000.000	1.479.918	-	200.000
Payments during the period	-	-	(13.688.243)	-	(3.247.730)
Reversal of provision					
31 March 2021	12.170.625	11.983.101	1.479.918	5.276.074	2.393.268

	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	4.500.310	3.804.217	4.613.696
Additional provision	3.561.821	-	10.001.755	-	136.404
Payments during the period	-	-	-	-	-
Reversal of provision	-	(35.204)	(2.053.030)	-	(264.712)
31 March 2020	11.553.243	10.280.719	12.449.035	3.804.217	4.485.388

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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11. COMMITMENTS

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

31 March 2021	TL	US Dollars (TL Equivalent)	Euro (TL Equivalent)	Total TL
A. Total Amount of GPMs Given for the Company’s Own Legal Personality	145.406.323	93.208.654	1.114.247	239.729.225
<i>- Guarantee Letters</i>	145.406.323	93.208.654	1.114.247	239.729.225
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	145.406.323	93.208.654	1.114.247	239.729.225

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

31 December 2020	TL equivalent	US Dollars	Euro	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

	31 March 2021	31 December 2020
Short-term borrowings		
Short-term bank loans	425.307.668	404.793.317
Short-term portion of long-term borrowings	94.548.219	94.759.239
Payables from short-term leases	2.086.360	8.250.423
Short-term portions of issued debt instruments	252.058.480	302.471.692
	774.000.727	810.274.671
Long-term borrowings		
Long-term bank loans	-	5.000.004
Payables from long-term leases	18.756.085	14.055.017
	18.756.085	19.055.021

The details of bank loans are as follows:

Currency	Weighted average interest rate	31 March 2021	
		Short-term	Long-term
TL	11,37%	428.136.634	-
US Dollars	1,05%	83.260.000	-
Euro	Eurlibor + 3,50%	8.459.253	-
		519.855.887	-
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 31 March 2021 and 31 December 2020 is as follows:

	31 March 2021	31 December 2020
Payable within 1 year	519.855.887	499.552.556
Payable within 1 - 2 years	-	5.000.004
Payable within 2 - 3 years	-	-
Payable within 3 - 4 years	-	-
	519.855.887	504.552.560

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13. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Share Capital and Treasury Shares

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

Shareholders	%	31 March 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
Total capital		1.159.793.441		1.159.793.441
Inflation adjustment		134.868.176		134.868.176
Adjusted capital		1.294.661.617		1.294.661.617

As of 31 March 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:

	31 March 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

	31 March 2021	31 December 2020
Current corporate tax	32.456.951	63.114.803
Less: Prepaid taxes and funds	4.431.914	(31.913.999)
Tax liability for the profit for the period to be paid	36.888.865	31.200.804

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

	1 January- 31 March 2021	1 January- 31 March 2020
The tax expense / (income) consists of:		
Current tax expense	32.456.951	11.469.185
Tax income relating to the origination and reversal of temporary differences	(804.912)	(11.041.199)
Total tax expense / (income)	31.652.039	427.986

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Notes to the Condensed Consolidated Financial Statements for the Three-month Interim Period Ended 31 March 2021

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

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

Corporate Tax:

The Company 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.

The effective tax rate in the first quarter of 2021 is 20% (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.

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 calculated as 20% for companies in Turkey (2020: 20% -22%). In accordance with the provisional article added to the Corporate Tax Law, the tax rate to be used in the calculation of deferred tax assets and liabilities (excluding lands) for companies in Turkey after the reporting date will be 25%.

	31 March 2021	31 December 2020
Deferred tax (assets)/liabilities:		
Depreciation and amortization differences of property, plant and equipment and intangible assets	(7.241.520)	(8.008.084)
Provision for employment termination benefit	15.936.283	15.114.862
Premium provision provided to employees	3.770.000	3.060.000
Senior labor incentive bonus provision	5.319.331	5.023.040
Provision for unused vacation	1.436.797	1.120.440
Provision for legal cases	2.196.620	2.196.620
Provision for doubtful trade receivables	9.797.160	9.797.160
Provision for sales incentive premium	1.025.406	652.337
Provision for state right to mines	2.047.502	1.490.869
Provision for adequate pay	1.088.199	1.088.199
Provision for rehabilitation	376.113	376.113
Shares valuation	(4.285.160)	(4.193.259)
Investment allowance and energy incentive	56.352.396	58.154.260
Prior years' losses	2.537.726	2.537.726
Derivative transactions	737.500	1.501.271
Other	(2.332.488)	(1.954.601)
	88.761.865	87.956.953

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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- 31 March 2021	1 January- 31 March 2020
Operating profit before tax	163.937.688	(19.170.956)
Income tax rate of 20% (2020: 22%)	(36.066.291)	4.217.610
Tax effect of:		
- non-deductible expenses	(657.317)	(2.314.885)
- financial losses not subject to deferred tax	2.558.165	-
- prior years' losses on which deferred tax asset is not generated	-	(165.939)
- exemptions and other discounts	2.125.201	-
- other adjustments	388.203	(2.164.772)
Tax provision expense in the statement of profit or loss and other comprehensive income	(31.652.039)	(427.986)

15. EARNING PER SHARE

Earning per Share	1 January - 31 March 2021	1 January - 31 March 2020 (*)
Profit for the period	132.285.649	(19.598.942)
Average amount of shares available during the period	115.979.344.100	115.979.344.100
Earning per share from ongoing activities (TL 1 nominal cost)	0,11	(0,02)

(*) The average number of shares available during the period is calculated based on the total number of shares of all merging companies.

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

16. REVENUE AND COST OF SALES

a) Revenue

	1 January- 31 March 2021	1 January- 31 March 2020
Domestic sales	679.072.289	390.374.861
Foreign sales (export)	150.641.761	98.258.468
Foreign sales (export listed)	22.750.243	9.457.953
Sales discounts (-)	(5.322.565)	(4.347.877)
Other income	1.136.583	1.460.470
Net Sales	848.278.311	495.203.875

As of 31 March 2021, the Group recognized sales income amounting to TL 848.278.311 related to performance obligations at a point in time.

b) Cost of sales

	1 January- 31 March 2021	1 January- 31 March 2020
Direct raw material and material expenses	(405.296.282)	(201.765.377)
Direct labor expenses	(16.827.205)	(13.915.388)
Depreciation and amortization expenses	(35.821.504)	(29.650.385)
Production overhead personnel expenses	(35.428.967)	(31.163.271)
Other production overhead expenses	(181.743.592)	(151.640.083)
Total production cost	(675.117.550)	(428.134.504)
Change in semi-finished product inventories	49.101.600	(12.605.127)
Change in finished product inventories	8.581.664	(1.666.190)
Cost of trade goods sold	(10.765.860)	(4.327.789)
	(628.200.146)	(446.733.610)

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

17. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

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

Other Income from Operating Activities		
	1 January- 31 March 2021	1 January- 31 March 2020
Interest income from interest and forward sales	5.270.984	8.474.762
Operational exchange difference income	20.055.504	4.885.304
Compensation and penalty income	516.929	1.008.854
Scrap, material sales and service profit	822.377	1.637.262
Premium and incentive income	1.160.489	257.272
Other income	1.139.825	1.704.642
	28.966.108	17.968.096

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

Other Expenses from Operating Activities		
	1 January- 31 March 2021	1 January- 31 March 2020
Operational exchange difference expense	(33.032.247)	(8.585.206)
Interest expenses from forward purchase contracts	-	(1.429.452)
Compensation and penalty expense	(117.691)	(973.294)
Depreciation expense	(898.929)	(911.851)
Interest expense on discount	(764.651)	(16.555)
Other expenses	(2.796.229)	(989.889)
	(37.609.747)	(12.906.247)

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

18. FINANCE INCOME AND EXPENSES

The details of finance income for the periods ended 31 March 2021 and 2020 are as follows:

Finance Income	1 January- 31 March 2021	1 January- 31 March 2020
Interest income	12.534.288	7.691.044
Finance exchange gains	39.177.984	11.691.995
Other finance income	95.782	239.513
	51.808.054	19.622.552

The details of finance expenses for the periods ended 31 March 2021 and 2020 are as follows:

Finance Expenses	1 January - 31 March 2021	1 January - 31 March 2020
Interest expense	(29.459.711)	(23.938.554)
Employment termination benefits interest cost	(2.373.073)	(1.013.541)
Senior labor interest cost	(750.182)	(358.337)
Finance exchange loss	(15.997.853)	(1.776.667)
Other financial expenses	(1.332.571)	(3.843.939)
	(49.913.390)	(30.931.038)

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

19. INCOME FROM INVESTMENT ACTIVITIES

The details of income from investment activities for the periods ended 31 March 2021 and 2020 are as follows:

	1 January - 31 March 2021	1 January - 31 March 2020
Income from investment activities		
Dividend income	10.626.003	-
Rent income from investment properties	1.715.624	387.874
Valuation difference of financial assets measured at FVTPL	1.838.011	-
Other	-	87.475
	14.179.638	475.349

	1 January - 31 March 2021	1 January - 31 March 2020
Income from investment activities		
Valuation difference of financial assets measured at FVTPL	-	(15.537.903)
Rent income from investment properties and other expenses	(91.912)	(1.815.747)
Expense from sale of fixed assets	-	(76.744)
	(91.912)	(17.430.394)

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements for the Three-month Interim Period Ended 31 March 2021

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

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 13, 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, 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 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

	31 March 2021	31 December 2020
Financial payables (Note: 12)	792.756.812	829.329.692
Less: Cash and Cash Equivalents (Note:3)	(526.037.803)	(448.831.807)
Net Debt	266.719.009	380.497.885
Total Equity	2.413.824.742	2.282.151.205
Total Capital	2.680.543.751	2.662.649.090
Net Debt/Total Capital Ratio	10%	14%

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 trade receivables and trade payables, which arise directly from operations.

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

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

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:

	31 March 2021			
	TL Equivalent (Functional currency)	US Dollars	EURO	GBP
1 Trade Receivable	30.026.242	3.419.102	159.483	-
2 Monetary Financial Assets	274.367.226	31.884.674	910.102	-
3 Prepaid Expenses	88.641	10.646	-	-
4 Other Current Assets	1.818.307	148.340	59.671	-
5 CURRENT ASSETS (1+2+3+4)	306.300.416	35.462.762	1.129.256	-
6 NON-CURRENT ASSETS	9.290.712	-	950.544	-
7 TOTAL ASSETS (5+6)	315.591.128	35.462.762	2.079.800	-
8 Short-term liabilities	260.883.294	24.836.139	5.528.544	5.342
9 Long-term liabilities	-	-	-	-
10 TOTAL LIABILITIES (11+14)	260.883.294	24.836.139	5.528.544	5.342
11 Net foreign currency asset liability position (7-10)	54.707.834	10.626.623	(3.448.744)	(5.342)
12 Export	138.546.915	18.570.492	1.941.751	-
13 Import	54.845.988	5.400.023	1.605.972	-

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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)

	TL Equivalent (Functional currency)	31 December 2020		
		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 Import	530.131.072	68.289.803	5.813.580	-
11 Export	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 and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% change in foreign currency rates. Positive value indicates an increase in profit or loss and other equity items.

	31 March 2021	
	Profit / Loss Appreciation of foreign currency	Profit / Loss Depreciation of foreign currency
In case of 20% appreciation of US Dollar against TL		
1 - USD net asset / liability	17.695.453	(17.695.453)
2- Portion hedged from USD risk (-)	-	-
3 – USD net effect (1+2)	17.695.453	(17.695.453)
In case of 20% appreciation of Euro against TL		
4 - Euro net asset / liability	(6.741.673)	6.741.673
5 - Portion hedged from Euro risk (-)	-	-
6 – Euro net effect	(6.741.673)	6.741.673
TOTAL (3 + 6)	10.953.780	(10.953.780)

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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 20% appreciation of US Dollar against TL		
1 - USD net asset / liability	18.024.536	(18.024.536)
2 - Portion hedged from USD risk (-)	-	-
3 - USD net effect	<u>18.024.536</u>	<u>(18.024.536)</u>
In case of 20% appreciation of Euro against TL		
4 - Euro net asset / liability	(5.533.973)	5.533.973
5 - Portion hedged from Euro risk (-)	-	-
6- Euro net effect (4+5)	<u>(5.533.973)</u>	<u>5.533.973</u>
TOTAL (3 + 6)	<u>12.490.563</u>	<u>(12.490.563)</u>

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

Fair value hierarchy table

As of 31 March 2021 and 31 December 2021, the Group has the following financial assets and liabilities carried at fair value:

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:

Financial assets at fair value in the balance sheet	31 March 2021		
	Level 1	Level 2	Level 3
Shares	87.592.723	-	-
Derivative financial liabilities	-	831.686	-

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

21. EVENTS AFTER BALANCE SHEET

In accordance with the law number 7316 published in the Official Gazette dated 22 April 2021 and numbered 31462, the corporate tax rate, which was 22% as of 31 December 2020, will be applied at the rate of 20% for the first quarter and 25% for the rest of 2021 and at the rate of 23% for corporate income in 2022.

The tax rate change was considered as an event occurred after the reporting period, based on the "amendment or announcement of a future change in the current tax rates or tax laws after the reporting period so as to have a significant effect on current and deferred tax assets and liabilities" included in the events that do not require adjustment after the reporting period of the TAS 10 "Events After the Reporting Period" standard.