

**NUH ÇİMENTO SANAYİ A.Ş.
AND ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL
STATEMENTS AS OF 31 DECEMBER 2020
AND INDEPENDENT AUDITOR'S REPORT**

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

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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly Nuh Çimento Sanayi A.Ş.

A) Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Nuh Çimento Sanayi A.Ş. (“the Company”) and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (“TFRS”).

2) Basis for Opinion

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

3) Key Audit Matters

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

Key Audit Matter	How the matter was addressed in the audit
<p>Revenue recognition</p> <p>While conducting its assessments, the Group management takes into account the detailed conditions set out in TFRS 15 regarding the fulfilment of performance obligations and recognition of the transaction costs allocated to them as revenue, in particular whether the control of goods and services have passed to the customer.</p> <p>The Group recognizes revenue by analyzing whether the significant risks and rewards are transferred to the buyer according to the delivery terms of export sales.</p> <p>In this context, revenue recognition has been determined as one of the key audit matters since determining whether the revenue recognition criteria are met as well as determining whether the revenue is recorded in the financial statements in the correct period requires significant judgment of management.</p> <p>Disclosure of the revenue recognition accounting policies and balances are presented in Note 2 and Note 20.</p>	<p>We performed the following procedures in relation to the revenue recognition:</p> <ul style="list-style-type: none"> • The design and implementation of the controls on the revenue process have been evaluated. The Group's sales and delivery procedures have been analyzed. • Terms of trade and delivery with respect to contracts made with customers have been examined and the timing of revenue recognition in the financial statements for the different shipment arrangements has been assessed. • For substantive procedures, special emphasis is given for transactions where the goods billed but revenue has not been earned. Customers with the longest delivery period have been identified among the existing customers of the Group and a date range has been determined and sales lists have been provided from the relevant departments. The control of the completeness and accuracy of these lists have been tested. <p>In addition, we assessed the adequacy of the disclosures in Note 20 under TFRS.</p>

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

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

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

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

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

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

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

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

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

5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 2 March 2021.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period 1 January - 31 December 2020 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

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

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

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



Ali Çiçekli, SMMM
Partner

İstanbul, 2 March 2021

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NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TL))

	Note	Current Period 31 December 2020	Prior Period 31 December 2019
ASSETS			
Current Assets		959.007.964	738.810.044
Cash and Cash Equivalents	34	464.468.206	309.098.199
Financial Investments	29	4.306.566	3.430.427
Trade Receivables	6	309.937.222	212.241.574
<i>Trade Receivables from Related Parties</i>	5	73.813	3.921
<i>Trade Receivables from Third Parties</i>		309.863.409	212.237.653
Other Receivables	7	4.646.379	1.716.201
<i>Other Receivables from Third Parties</i>		4.646.379	1.716.201
Derivative Instruments	29	1.107.891	2.025.645
Inventories	9	145.089.396	166.810.717
Prepaid Expenses	10	12.598.373	8.077.963
Current Tax Assets	27	612.327	706.575
Other Current Assets	8	16.241.604	9.625.505
SUB-TOTAL		959.007.964	713.732.806
Non-Current Assets Held for Sale	26	-	25.077.238
Non-current Assets		1.559.113.608	1.093.782.421
Other Receivables		1.832.476	1.640.793
<i>Other Receivables from Third Parties</i>	7	1.832.476	1.640.793
Financial Investments	29	588.060.658	136.205
Derivative Instruments	29	-	196.141
Investments Valued by Equity Method	3	-	113.885.411
Investment Properties	11	198.829.747	215.796.388
Property, Plant and Equipment	12	682.194.295	671.654.951
Right-of-Use Assets	14	22.448.996	23.160.993
Intangible Assets		43.518.995	44.270.383
<i>Goodwill</i>	15	17.348.274	17.348.274
<i>Other Intangible Assets</i>	13	26.170.721	26.922.109
Prepaid Expenses	10	4.233.110	4.408.866
Deferred Tax Asset	27	14.828.161	15.018.496
Other Non-current Assets	8	3.167.170	3.613.794
TOTAL ASSETS		2.518.121.572	1.832.592.465

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

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TL))

	Note	Current Period 31 December 2020	Prior Period 31 December 2019
LIABILITIES			
Current Liabilities		498.110.334	440.063.875
Short-term Borrowings	29	155.513.285	-
Current Portion of Long-term Borrowings	29	26.942.843	223.016.873
Liabilities Arising from Leases	29	4.169.226	4.856.220
Trade Payables	6	221.230.155	135.359.836
<i>Trade Receivables to Third Parties</i>		<i>221.230.155</i>	<i>135.359.836</i>
Payables for Employee Benefits	17	8.166.962	6.285.413
Other Payables		11.053.672	8.614.417
<i>Other Receivables to Third Parties</i>	7	<i>11.053.672</i>	<i>8.614.417</i>
Deferred Income	10	22.023.791	28.516.740
Current Tax Liability	27	20.434.551	9.270.899
Short-term Provisions		24.340.566	20.260.800
<i>Short-term Provisions for Employee Benefits</i>	17	<i>4.145.572</i>	<i>4.462.578</i>
<i>Other Short-term Provisions</i>	16	<i>20.194.994</i>	<i>15.798.222</i>
Other Short-term Liabilities	18	4.235.283	3.882.677
Non-current Liabilities		221.125.586	199.260.927
Long-term Borrowings	29	115.529.000	108.132.500
Liabilities Arising from Leases	29	18.558.230	18.969.877
Long-term Provisions		55.736.322	53.305.289
<i>Long-term Provisions for Employee Benefits</i>	17	<i>51.090.986</i>	<i>46.750.681</i>
<i>Other Long-term Provisions</i>	16	<i>4.645.336</i>	<i>6.554.608</i>
Deferred Income		734.250	-
Deferred Tax Liability	27	30.567.784	18.853.261
EQUITY		1.798.885.652	1.193.267.663
Equity Attributable to Equity Holders of the Parent		1.798.882.235	1.193.263.913
Share Capital	19	150.213.600	150.213.600
Capital Adjustments Differences	19	39.338.145	39.338.145
Other Comprehensive Expenses that will not be Reclassified to Profit or Loss		134.943.401	(9.441.663)
- <i>Gains from Investments to Equity-Based Financial Instruments</i>		<i>143.488.923</i>	-
- <i>Loss on remeasurement of defined benefit plans</i>		<i>(8.545.522)</i>	<i>(9.447.375)</i>
- <i>Revaluation Gains</i>		-	5.712
Accumulated Other Comprehensive Income that will be Reclassified in Profit or Loss		-	2.679.228
- <i>Foreign Currency Translation Differences</i>		-	2.679.228
Restricted Reserves Appropriated from Profit	19	339.342.867	331.841.894
Prior Years' Profit		564.794.480	517.839.089
Net Profit for the Period		570.249.742	160.793.620
Non-Controlling Interest		3.417	3.750
TOTAL LIABILITIES AND EQUITY		2.518.121.572	1.832.592.465

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

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TL))

	Note	Current Period 1 January- 31 December 2020	Prior Period 1 January- 31 December 2019
PROFIT OR LOSS			
Revenue	20	1.706.337.086	1.268.982.280
Cost of Sales (-)	20	(1.140.742.402)	(965.772.985)
GROSS PROFIT		565.594.684	303.209.295
General Administrative Expenses (-)	21	(107.059.998)	(86.059.774)
Marketing Expenses (-)	21	(61.747.880)	(38.192.786)
Research and Development Expenses (-)	21	(7.062)	(7.037)
Income from Operating Activities	23	22.753.266	17.536.422
Expenses from Operating Activities (-)	23	(25.474.615)	(18.358.468)
OPERATING INCOME		394.058.395	178.127.652
Income from Investing Activities	24	257.644.520	49.713.136
Expenses from Investing Activities (-)	24	(5.173.736)	(7.315.796)
Share from Profit/Loss of Investments Accounted For By Using Equity Method	3	37.531	16.009.220
PROFIT BEFORE FINANCE INCOME/(EXPENSES)		646.566.710	236.534.212
Financial Income	25	150.812.708	85.754.404
Financial Expenses (-)	25	(132.561.710)	(125.164.263)
PROFIT BEFORE TAX		664.817.708	197.124.353
Tax Expenses		(94.568.299)	(36.331.483)
<i>Current Tax Expense</i>	27	<i>(90.215.752)</i>	<i>(38.174.306)</i>
<i>Deferred Tax (Expense) / Income</i>	27	<i>(4.352.547)</i>	<i>1.842.823</i>
PROFIT FOR THE PERIOD		570.249.409	160.792.870
Distribution of Profit for the Period			
Non-Controlling Interests		(333)	(750)
Owners of the Company		570.249.742	160.793.620
Earnings per share	28	3,80	1,07

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

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

**AUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020**

(Amounts expressed in Turkish Lira (TL))

	Current Period 1 January- 31 December 2020	Prior Period 1 January- 31 December 2019
NET PROFIT	570.249.409	160.792.870
OTHER COMPREHENSIVE INCOME / (EXPENSES):		
Items that will not be Reclassified to Profit or Loss	143.197.328	(3.106.594)
<i>(Loss) on Remeasurement of Defined Benefit Plans</i>	17 -	(3.518.750)
<i>(Loss) on Remeasurement of Defined Benefit Plans, Tax Effect</i>	27 -	703.750
<i>Loss on Remeasurement of Defined Benefit Plans of Investments Valued by Using Equity Method</i>	(364.493)	(364.493)
<i>Loss on Remeasurement of Defined Benefit Plans of Investments Valued by Using Equity Method, Tax Effect</i>	27 72.899	72.899
<i>Gain from Investments in Equity Instruments</i>	1 151.041.234	-
<i>Gain from Investments in Equity Instruments, Tax Effect</i>	27 (7.552.311)	-
Items that will be Reclassified to Profit or Loss	(2.679.228)	(700.561)
<i>Currency Translation Differences</i>	(2.679.228)	(700.561)
OTHER COMPREHENSIVE INCOME / (EXPENSES)	140.518.100	(3.807.155)
TOTAL COMPREHENSIVE INCOME	710.767.509	156.985.715
Total Comprehensive Income Attributable To:	710.767.509	156.985.715
Non-Controlling Interests	(333)	(750)
Owners of the Company	710.767.842	156.986.465

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

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TL))

	Accumulated Other Comprehensive Income or Expenses That Will Be Reclassified Subsequently to Profit or Loss			Accumulated Other Comprehensive Income or Expenses That Will Be Reclassified Subsequently to Profit or Loss			Retained Earnings			Total	
	Share Capital	Capital Adjustment	Accumulated Gain/(Loss) on Reclassification of Defined Benefit Plans	Gain/(Loss) from Investments in Financial Instruments Based on Equity	Foreign Currency Translation Differences	Restricted Reserves Appropriated from Profit	Prior Years' Profit	Net Profit for the Period	Total equity attributable to the parent		Non-Controlling Interest
Balance as of 1 January 2019 (reported)	150,213,600	39,338,145	(6,348,781)	5,712	3,379,789	462,860,987	483,158,394	150,123,966	1,141,939,752	-	1,141,939,752
Classification effect	-	-	-	-	-	(157,934,418)	157,934,418	-	-	-	-
Balance as of 1 January 2019 (classified)	150,213,600	39,338,145	(6,348,781)	5,712	3,379,789	244,126,489	261,092,812	150,123,966	1,141,939,752	-	1,141,939,752
Transfers	-	-	-	-	-	87,712,405	62,408,581	(150,123,966)	-	-	-
Total comprehensive income	-	-	(3,106,594)	-	(700,361)	-	-	160,793,620	156,986,465	(750)	156,985,715
Addition Effect of Subsidiary (Note: 2)	-	-	-	-	-	-	-	-	-	4,500	4,500
Dividends	-	-	-	-	-	-	(105,662,304)	-	(105,662,304)	-	(105,662,304)
Balance as of 31 December 2019	150,213,600	39,338,145	(9,447,375)	5,712	2,679,228	331,841,894	517,829,089	160,793,620	1,193,263,913	3,728	1,193,267,641
Balance as of 1 January 2020	150,213,600	39,338,145	(9,447,375)	5,712	2,679,228	331,841,894	517,829,089	160,793,620	1,193,263,913	3,728	1,193,267,641
Transfers	-	-	-	-	-	7,500,973	153,292,647	(160,793,620)	-	-	-
Total comprehensive income	-	-	(291,595)	-	(2,679,228)	-	-	570,249,742	710,767,842	(333)	710,767,509
Effect of changes in the scope of consolidation (*)	-	-	1,193,448	(5,712)	-	-	(1,187,736)	-	(165,149,520)	-	(165,149,520)
Dividends	-	-	-	-	-	-	(105,149,520)	-	-	-	-
Balance as of 31 December 2020	150,213,600	39,338,145	(8,245,927)	-	-	339,342,867	564,784,408	570,249,742	1,790,887,235	3,417	1,790,890,652

(*) The disclosure regarding the realized transaction is explained in detail in Note 1.

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

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS AS OF 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TL))

		Current Period 1 January- 31 December 2020	Prior Period 1 January- 31 December 2019
	Notes		
A. Cash flows from Operating Activities			
Profit for the Period		570.249.409	160.792.870
Adjustments Related to Reconciliation of Net Profit for the Period			
Adjustments Related to Depreciation and Amortisation	11-12-13-14	82.683.307	84.088.574
Adjustments Related to (Reversal of) Impairment			
- Adjustments Related to Impairment on Receivables	6	3.882.556	1.285.067
- Adjustments Related to Impairment on Inventory	9	2.461.056	-
- Adjustments Related to Impairment on Investment Properties	24	-	131.108
- Adjustments Related to Impairment on Financial Assets	24	-	2.433.760
Adjustments Related to Provisions			
- Adjustments Related to Provision for Legal Claims	16	11.572.556	4.050.933
- Adjustments Related to (Reversal of) Provisions Allocated Within the Framework of Sectoral Requirements	16	(1.909.272)	1.579.370
- Adjustments Related to Provision for Employee Benefits	17	8.001.261	16.567.618
Adjustments Related to Tax Expense	27	94.568.299	36.331.483
Adjustments Related to Unrealized Foreign Currency Translation Differences		33.278.700	13.344.618
Adjustments Related to Tax (Income) / Expense			
- Adjustments Related to Interest Income	25	(20.258.096)	(15.313.654)
- Adjustments Related to Interest Expense	25	34.956.990	81.799.650
Adjustments Related to Derivatives	25	1.113.895	(3.327.321)
Gain on Sale or Disposal of Non-Current Assets	24		
- Adjustments Related to Gain on Disposal of Property, Plant and Equipment	24	(3.881.698)	(351.739)
- Adjustments Related to Gain on Disposal of Investment Properties	24	(2.562.194)	(736.500)
- Adjustments Related to Gain on Disposal of Other Non-Current Assets	24	-	(17.523.000)
Adjustments Related to Gain From Disposal Of Non-Current Assets Held For Sale Or Distribution To Shareholders	24	(22.805.823)	-
Adjustments Related to Gain From Disposal Of Associates or Changes in Shares	3	(198.790.614)	-
Adjustments Related to Associates' Profit Accounted According to Equity Method		(37.531)	(16.009.220)
Other		616.217	-
		593.139.018	349.143.617
Movements in working capital			
- Adjustments Related to Increase/Decrease in Inventories		19.260.265	52.708.598
- Adjustments Related to Increase/Decrease in Trade Receivables		(101.578.204)	134.402.402
- Adjustments Related to Increase/Decrease in Other Receivables from operating activities		(13.582.562)	26.013.833
- Adjustments Related to Increase/Decrease in Trade Payables		85.870.319	15.817.314
- Adjustments Related to Increase/Decrease in Other Payables from Operating Activities		(1.085.289)	15.397.492
Net Cash Generated by Operating Activities		582.023.547	593.483.256
Income Taxes Paid/Returns	27	(78.957.852)	(29.531.396)
Legal Claims Paid	16	(7.175.784)	(1.009.005)
Employee Termination Benefits Paid	17	(3.977.962)	(6.008.905)
		491.911.949	556.933.950
B. Cash Flows from Investing Activities			
Dividends Received		-	4.859.884
Purchases of Property, Plant and Equipment and Intangible Assets	12-13	(88.700.403)	(65.825.811)
Sales of Property, Plant and Equipment and Intangible Assets		4.537.250	18.365.750
Purchases of Investment Properties	11	-	(14.960.119)
Sales of Investment Properties		17.170.445	4.900.944
Cash Inflows From Sales Of Non-Current Assets Held For Sale		44.296.021	-
Other Cash Outflows		(125.099.230)	-
Effects of Acquisition of Subsidiary		-	4.500
		(147.795.917)	(52.654.852)
C. Cash Flows from Financing Activities			
Dividend Paid	19	(105.149.520)	(105.662.304)
Interest Paid		(30.084.472)	(81.438.945)
Cash Inflows / (Outflows) from Bank Loans		(67.905.334)	(257.715.713)
Repayment of the Lease Liabilities		(5.864.795)	(5.537.935)
Interest Received	25	20.258.096	15.313.654
		(188.746.025)	(435.041.243)
NET INCREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECTS OF FOREIGN CURRENCY TRANSLATION DIFFERENCES (A+B+C)			
		155.370.007	69.237.855
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR			
	34	309.098.199	239.860.344
CASH AND CASH EQUIVALENTS AT THE END OF YEAR (A+B+C+D)			
	34	464.468.206	309.098.199

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

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED STATEMENT AS OF 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TL))

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Nuh Çimento Sanayi A.Ş. (“Nuh Çimento” or “the Company”) and its subsidiaries are joint stock and limited liability companies and their principal activities are production of various types of cement, lime, ready-mixed concrete, gas concrete, machinery and spare parts, power generation, transportation, real estate and marketable securities management.

The address of the Company is 19 Mayıs Mah. İnönü Cad. No:94 Kadıköy Kozyatağı / İstanbul.

The Company is registered to the Capital Markets Board (“CMB”) and 16,32% of its shares are being traded on Borsa İstanbul (“BIST”) since 24 February 2000.

The details of the reporting according to the fields of activity and geographical sections related to the ongoing activities of the Group are included in the Note 4.

As of 31 December 2020 and 2019, the average number of personnel is categorized as follows;

	1 January- 31 December 2020	1 January- 31 December 2019
Blue collar	890	889
White collar	315	323
	1.205	1.212

The Group’s main shareholders and controlling parties are Nuh Ticaret Sanayi ve Ticaret A.Ş. and Partaş Tekstil İnşaat Sanayi ve Ticaret A.Ş.

Shareholders	31 December 2020	31 December 2019
Nuh Ticaret Sanayi ve Ticaret A.Ş.	44,13%	44,13%
Partaş Tekstil İnşaat Sanayi ve Ticaret A.Ş.	16,41%	16,41%
Traded on BIST	16,32%	15,77%
Other (*)	23,14%	23,69%
Total Shares	100%	100%

(*) Represents total of shares less than 5%.

Approval of Consolidated Financial Statements:

The consolidated financial statements have been approved for issue by the Board of Directors 2 March 2021. General Assembly has power to change Group’s consolidated financial statements.

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED STATEMENT AS OF 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TL))

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

Subsidiaries:

The Company and its subsidiaries within the scope of consolidation will then be referred as “the Group”.

The details of the Company’s subsidiaries and joint ventures are as follows:

Nuh Beton A.Ş. (“Nuh Beton”)

Nuh Beton started to produce ready-mixed concrete in 1987 at the Bostancı facility as a separate entity of Nuh Çimento parallel to the developments in concrete industry, new facilities were established in Hereke, B. Bakkalköy, İkitelli, Büyükçekmece and İzmit.

In order to get better organized in the rapid developing ready-mixed concrete sector, the facilities separated from Nuh Çimento and Nuh Beton was established in 1995. Besides, 87 thousand m² shopping center and hotel constructions on the land owned by the Company in Bostancı were finalized in and carried to financial statements as investment property.

Nuh Yapı Ürünleri A.Ş.(“Nuh Yapı”)

A limestone manufacturing plant and an aerated concrete block (white brick) manufacturing plant were established within Nuh Çimento in 1984 and 1996 with annual production capacities of 160.000 m³/year 160.000 ton/year, respectively.

The legal establishment of Nuh Yapı was realized in 1995. In 1998, the Company started its operations with two facilities stated above and machine factory which was a part of Nuh Çimento and mainly serves the Nuh group companies in the production of equipment and projects for maintenance, repair and investments.

Nuh Yapı completed the construction of aerated concrete block production facility, in 2008 with an annual capacity of 400.000 m³, which was started in 2007. Besides, the limestone production facility whose investment started in 2007 was completed at the end of 2010 with an annual quicklime production capacity of 212.000 tons.

Nuh Gayrimenkul İnşaat A.Ş. (Nuh Gayrimenkul)

Nuh Gayrimenkul was established in 1997 for the purpose of ensuring efficient use of the real estate within the structure of the group companies, of production and project preparation operations in the construction sector.

Çim-Nak Taşımacılık Limited Şirketi (Çim-Nak)

1979 yılında deniz ve kara taşımacılığı hizmetleri, maden cevherleri işletmeciliği ve deniz taşımacılığına yönelik hizmetleri yerine getirmek amacıyla kurulmuştur.

Çim-Nak still continues its activities by providing services to its main partner, Nuh Çimento, for mine ore management and sea transportation.

Navig Holding Trade B.V. (Navig)

Navig was established in 1997 in Netherlands with the 100% participation of Nuh Çimento to assist the export-import operations of the group’s firms, finding long-term external credits for investments and making securities investments.

Nuh Agro Tarım A.Ş. (Nuh Agro)

It was established in 2019 to operate in the medical, medicinal and aromatic plants sector. Its capital is TL 100.000. The Company has a total of 85% share in the subsidiary.

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED STATEMENT AS OF 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TL))

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

Joint ventures and associates

Ünye Çimento Sanayi ve Ticaret A.Ş. (Ünye Çimento)

The Group has held shares of Ünye Çimento, which is listed in BIST, since 1997 and the nominal share capital of Ünye Çimento amounted to TL 123.586.411 and Nuh Beton and Nuh Gayrimenkul held 40,03% of its shares in total until 21 May 2020.

Ünye Çimento merged with Oyak Çimento Fabrikaları A.Ş. ("Oyak Çimento") through transfer at Borsa İstanbul on 21 May 2020. As a result of the merger, Ünye Çimento shares, which were accounted for by the equity method due to the Group's 40,03% ownership and significant impact, turned into Oyak Çimento shares. The share ratio of the Group in Oyak Çimento has been realized as 4,45%, and Ünye Çimento shares, which were accounted for using the equity method in the prior periods, were classified in the financial investments account of the financial position statement as Oyak Çimento shares. As of 21 May 2020, Ünye Çimento shares have been accounted for in the financial statements with a value of TL 113.864.518 according to the equity method. The fair value of Oyak Çimento shares acquired by the Group as a result of the merger is TL 312.655.132 as of 21 May 2020. Since the Group does not have a significant impact on Oyak Çimento, TL 198.790.614, which is the difference between the value recognized according to the equity method amounting to TL 113.864.518, and the fair value at the transaction date amounting to TL 312.655.132, is recognized under the income from investing activities in the profit or loss statement in accordance with TAS 28.

The increase in value of 4,45% of Oyak Çimento shares owned by the Group as TL 151.041.234 between 21 May 2020 and 31 December 2020 has been accounted for under the earnings from investments in equity instruments in the statement of other comprehensive income. As of 31 December 2020, the value of Oyak Çimento in financial assets is TL 463.701.362.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of preparation

Statement of Compliance

The accompanying consolidated interim financial statements have been prepared in accordance with the Turkish Accounting Standards ("TAS") in compliance with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" (the Communiqué) announced by the Capital Market Boards ("CMB") on 13 June 2013 which is published on Official Gazette numbered 28676. TAS, Turkish Accounting Standards consist of Turkish Financial Reporting Standards and of related appendix and interpretations.

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

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED STATEMENT AS OF 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TL))

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

2.1 Basis of preparation (cont'd)

The Group maintains its accounting records and prepares its consolidated financial statements with the principles and requirements of the CMB, the Company and the Company's subsidiaries and associates operating in Turkey keep their legal records according to the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance ("Ministry of Finance") of Turkish Republic. Subsidiaries and associates operating in foreign countries prepare their statutory financial statements in accordance with the laws and regulations applicable in the countries in which they operate. The consolidated financial statements are prepared by reflecting the necessary adjustments and classifications to the statutory records in order to make an accurate presentation in accordance with TFRS. The consolidated financial statements are prepared on the basis of historical cost, except for financial assets recognized at fair value and derivative financial instruments carried at fair value. In determining the historical cost, the fair value of the amount paid for the assets is generally taken as basis.

Going Concern

The consolidated financial statements have been prepared on the basis of going concern.

Currency Used

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

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.

Comparative Information and Restatement of Prior Period Consolidated Financial Statements

The financial statements of the Group include comparative financial information to enable the determination of the financial position and performance trends. In order to comply with the presentation of the current period financial statements, comparative information is reclassified when necessary.

- In 2019, the Group presented its extraordinary reserves in the "Restricted Reserves Appropriated From Profit" amounting to TL 157.934.418 and TL 169.781.949, respectively, in the consolidated statement of changes in equity as of 31 December 2018 and 31 December 2019. In the current year, the Group management has classified the extraordinary reserves under "Retained Earnings" in accordance with the financial statement presentation format determined by the CMB.

Periodicity

The Group's activities are increasing in spring and summer, when construction demand is rising and the construction industry is reviving.

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED STATEMENT AS OF 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TL))

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

2.1 Basis of preparation (cont'd)

Basis of consolidation

The details of the Company and it's subsidiaries at 31 December 2020 and 2019 are as follows:

Subsidiaries	Location	Currency	Share	
			31 December 2020	31 December 2019
Nuh Beton A.Ş.	Turkey	TL	100%	100%
Nuh Yapı Ürünleri A.Ş.	Turkey	TL	100%	100%
Çim-Nak Taşımacılık Limited Şirketi	Turkey	TL	98%	98%
Nuh Gayrimenkul İnşaat A.Ş.	Turkey	TL	100%	100%
Navig Holding Trade B.V.	Netherlands	Euro	100%	100%
Nuh Agro Tarım A.Ş.	Turkey	TL	85%	85%
Joint Ventures and Associates Accounted under Equity Method				
Ünye Çimento Sanayi ve Ticaret A.Ş. (*)	Turkey	TL	-	40.03%

(*) The disclosures regarding the transaction is explained in detail in Note 1.

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

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

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

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

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED STATEMENT AS OF 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TL))

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

2.1 Basis of preparation (cont'd)

Basis of Consolidation (cont'd)

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

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

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED STATEMENT AS OF 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TL))

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

2.1 Basis of Presentation (cont'd)

Basis of Consolidation (cont'd)

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A partnership is a joint venture in which entities with joint control in an arrangement have rights to the net assets in the joint arrangement. Joint control is based on the control contract on an economic activity. This control is deemed to exist when the decisions of the relevant activities require the parties sharing the control to agree with the unanimity of votes.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with TFRS 5. Under the equity method, an investment in associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or a joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or a joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or a joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or a joint venture.

Profits and losses arising from transactions between one of the Group companies and an associate of the Group are eliminated at the rate of the Group's interest in the related associate or joint venture.

2.2 Change in Accounting Policies

The Group has applied accounting standards consistently with prior year. Significant changes in accounting policies are applied retrospectively and prior period financial statements are adjusted accordingly. There are not any changes in accounting policies in the current year. Applied accounting standards are consistent with previous periods.

2.3 Change in Accounting Estimates and Errors

The Group has applied its accounting policies consistently with the prior year. Significant changes in the accounting policies and significant accounting errors are applied retrospectively and the financial statements of the previous period are restated. If changes in accounting policies are for only one period, changes are applied on the current year but if the changes affect the future periods, changes are applied both on the current period and future periods prospectively. The Group has not made any changes in the accounting policies in the current year, except for the effects of the changes in the new and revised standards explained in Note 2.4.

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED STATEMENT AS OF 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TL))

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

2.4 New and Revised Turkish Accounting Standards

The accounting policies used in the preparation of the consolidated financial statements for the year ended 31 December 2020 were applied consistently with those used in the previous year, except for the new and amended TFRS standards and TFRS interpretations applicable as of 1 January 2020 summarized below.

The effects of these standards and interpretations on the financial position and performance of the Group are explained in the relevant paragraphs.

a) Amendments that are mandatorily effective from 2020

Amendments to TFRS 3	<i>Definition of a Business</i>
Amendments to TAS 1 and TAS 8	<i>Definition of Material</i>
Amendments to TFRS 9, TAS 39 and TFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to TFRS 16	<i>COVID-19 Related Rent Concessions</i>
Amendments to Conceptual Framework	<i>Amendments to References to the Conceptual Framework in TFRSs</i>

Amendments to TFRS 3 *Definition of a Business*

The definition of “business” is important because the accounting for the acquisition of an activity and asset group varies depending on whether the group is a business or only an asset group. The definition of “business” in TFRS 3 Business Combinations standard has been amended. With this change:

- By confirming that a business should include inputs and a process; clarified that the process should be essential and that the process and inputs should contribute significantly to the creation of outputs.
- The definition of a business has been simplified by focusing on the definition of goods and services offered to customers and other income from ordinary activities.
- An optional test has been added to facilitate the process of deciding whether a company acquired a business or a group of assets.

Amendments to TAS 1 and TAS 8 *Definition of Material*

The amendments in Definition of Material (Amendments to TAS 1 and TAS 8) clarify the definition of ‘material’ and align the definition used in the Conceptual Framework and the standards.

Amendments to TFRS 9, TAS 39 and TFRS 7 *Interest Rate Benchmark Reform*

The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED STATEMENT AS OF 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TL))

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

2.4 New and Revised Turkish Accounting Standards (cont'd)

a) Amendments that are mandatorily effective from 2020 (cont'd)

Amendments to TFRS 16 COVID-19 Related Rent Concessions

The changes in COVID-19 Related Rent Concessions (Amendment to TFRS 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
- there are no substantive changes to other terms and conditions of the lease.

The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

The Group has no COVID-19-related rent concessions.

Amendments to *References to the Conceptual Framework in TFRSs*

The references to the Conceptual Framework revised the related paragraphs in TFRS 2, TFRS 3, TFRS 6, TFRS 14, TAS 1, TAS 8, TAS 34, TAS 37, TAS 38, TFRS Interpretation 12, TFRS Interpretation 19, TFRS Interpretation 20, TFRS Interpretation 22, and SIC-32. The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

These standard amendments and improvements have no effect on the financial position and performance of the Group.

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED STATEMENT AS OF 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TL))

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

2.4 New and Revised Turkish Accounting Standards (cont'd)

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 Amendments to TAS 1	<i>Insurance Contracts Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 3 Amendments to TAS 16	<i>Reference to the Conceptual Framework Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to TAS 37 Annual Improvements to TFRS Standards 2018-2020	<i>Onerous Contracts – Cost of Fulfilling a Contract Amendments to TFRS 1, TFRS 9 and TAS 41</i>
Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>

TFRS 17 Insurance Contracts

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

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

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

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 IFRS 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.

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED STATEMENT AS OF 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TL))

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

2.4 New and Revised Turkish Accounting Standards (cont'd)

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

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

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

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

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

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 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.

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

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.

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED NOTES TO THE CONSOLIDATED STATEMENT AS OF 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TL))

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

2.5 Summary of Significant Accounting Policies

Related Party

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

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

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

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

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

Revenue

Revenue is recognized in the consolidated financial statements at the transaction price. The transaction fee is the amount that the entity expects to receive in return for transferring the goods or services that it has committed to the customer, except for the amounts collected on behalf of third parties. When the control of the goods or services is transferred to the customers, the Group reflects the relevant amount as revenue in the consolidated financial statements.

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(Amounts expressed in Turkish Lira (TL))

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

2.5 Summary of Significant Accounting Policies (cont'd)

Revenue (cont'd)

In accordance with TFRS 15 Customer Contract Revenue Standard, effective from 1 January 2018, the Group recognizes revenue in the consolidated financial statements in the five-step model below.

- Identification of contracts with customers
- Identification of performance obligations in contracts
- Determining the transaction price in contracts
- Distribution of transaction fee to performance obligations
- Revenue recognition

The Group evaluates the cement and clinker it commits in each contract with the customers and determines each commitment to transfer the goods or services in question as a separate performance obligation. For each performance obligation, it is determined at the beginning of the contract that the performance obligation will be fulfilled in time or at a certain time. If the Group transfers the control of a good or service over time and thus fulfills the performance obligations related to the related sales over time, the Group measures the proceeds on the fulfillment of the performance obligations completely and takes the proceeds to the financial statements. The Company, as it fulfills or fulfills its performance obligation by transferring a committed product or service to its customer, records the transaction price corresponding to this performance obligation as revenue in its financial statements. The goods or services are transferred when the goods or services are received (as soon as it received) by the customers. The Group evaluates the transfer of control of the goods or services sold to the customer;

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

Rental income:

Rental income from investment properties is recognized on a straight-line basis over the term of the relevant lease.

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(Amounts expressed in Turkish Lira (TL))

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

2.5 Summary of Significant Accounting Policies (cont'd)

Inventories

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

Property, Plant and Equipment

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

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

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

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

Intangible Assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

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(Amounts expressed in Turkish Lira (TL))

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

2.5 Summary of Significant Accounting Policies (cont'd)

Intangible Assets (cont'd)

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives.

Costs associated with developing or maintaining computer software programmes are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Costs include the software development employee costs and an appropriate portion of relevant overheads.

Derecognition of intangible assets

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

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

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

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

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

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(Amounts expressed in Turkish Lira (TL))

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

2.5 Summary of Significant Accounting Policies (cont'd)

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

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

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in the statement of profit or loss in the period in which they are incurred.

Financial Instruments

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

Financial assets

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

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

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(Amounts expressed in Turkish Lira (TL))

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

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets (cont'd)

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

(i) Amortised cost and effective interest method

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

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

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

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

Interest income is recognised in profit or loss and is included in the “finance income – interest income” line item (Note 25).

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AUDITED NOTES TO THE CONSOLIDATED STATEMENT AS OF 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TL))

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

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets (cont'd)

Classification of financial assets (cont'd)

(ii) Financial assets at FVTPL

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

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

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not to be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

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(Amounts expressed in Turkish Lira (TL))

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

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets (cont'd)

Foreign exchange gains and losses

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

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

Impairment of financial assets

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

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

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

Measurement and recognition of expected credit losses

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

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

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets (cont'd)

Measurement and recognition of expected credit losses (cont'd)

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets

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

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

Financial liabilities

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

A financial liability is subsequently classified at amortized cost except:

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

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

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial liabilities (cont'd)

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

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

The Group does not reclassify any financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 29.

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

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

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(Amounts expressed in Turkish Lira (TL))

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

2.5 Summary of Significant Accounting Policies (cont'd)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated [statement of profit or loss/statement of profit or loss and other comprehensive income]. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Foreign Currency Transactions

Foreign Currency Transactions and Balances

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). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

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

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

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

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(Amounts expressed in Turkish Lira (TL))

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

2.5 Summary of Significant Accounting Policies (cont'd)

Foreign Currency Transactions (cont'd)

Financial Statements of Associates, Subsidiaries and Joint Ventures Operating in Other Countries

Assets and liabilities of the Group's foreign operations, are presented in TL considering exchange rates valid at the reporting date. Income and expenses are translated by using the average rate calculated for the year when the transaction occurred, unless significant fluctuation has happened in exchange rates. In case of any significant fluctuation in exchange rates, the transaction is translated by using the exchange rate at the transaction date. The translation difference is accounted under comprehensive income as a component of equity.

Earnings per Share

Earnings per share is calculated by dividing the net consolidated profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding.

Companies in Turkey can increase their share capital through distributing shares (bonus shares) from retained earnings and differences arising from inflation adjustment in changes in equity to their current shareholders on a prorata basis. When calculating profit per share, these bonus shares are recognized as issued shares. Therefore, the weighted average of shares used in the calculation of profit/(loss) per share is derived through retrospective application with respect to bonus shares.

Events after the Reporting Period

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

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

Provisions, Contingent Assets and Liabilities

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

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

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

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(Amounts expressed in Turkish Lira (TL))

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

2.5 Summary of Significant Accounting Policies (cont'd)

Reporting of Financial Information by Segments

Operating segments of the Group; based on the activities for which revenue is obtained and separate financial information is available. In accordance to that, the financial information of companies producing and trading cement, concrete and building materials are shown in the "Construction and building materials" and the financial information of the companies producing and selling electric energy are shown under "Energy". In addition to these two areas of activity, construction and construction materials have been shown in the activity group because the assets of Nuh Group companies, which are engaged in construction transportation and services, do not exceed 10% of the total assets of all operating segments of their assets.

Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are carried at cost less accumulated depreciation and any accumulated impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Depreciation is provided on investment property on a straight line basis. The depreciation period for investment property is 35-50 years.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.

Taxation

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.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Taxation (cont'd)

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Employee Benefits

Termination and retirement benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) "Employee Benefits" ("TAS 19").

The retirement benefit obligation recognized in the consolidated statement of financial position represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income.

Seniority incentive bonus

In accordance with the employee benefit named "seniority incentive premiums" provided by some subsidiaries of the Group and the Company to their employees having certain working seniority in order to enhance their loyalty to the jobs and employers; the benefits are provided as follows; employees with 5 year work experience are paid for their 30 days wage, those with 10 year work experience are paid for their 55 days of their gross wage, those with 20 year work experience are paid for their 70 days wage, those with 25 or 30 year work experience are paid for their 75 days wage, for each level of payment with their actual working wage in the month they complete the respective seniority level in the mentioned range.

To calculate the provision for seniority incentive payments, the Group has considered the duration passed for each employee as of the balance sheet date since their job entrance dates and booked a liability for the discounted amount of the future payments as of the balance sheet date.

Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Statement of Cash Flows

In statement of cash flows, cash flows are classified according to operating, investing and financing activities.

Share Capital and Dividends

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

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

2.6 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Critical judgments in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2.5, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

Deferred Taxes

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Currently, there are deferred tax assets resulting from operating loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. The Group has not recognized deferred tax assets related to unused past years' losses in some companies, as it is unclear whether the Group will benefit from the deferred tax assets resulting from taxable profit in the future (since there is no opinion that a deferred tax asset could be recovered). In light of the evidence obtained, the Group's belief that taxable profit will be available sufficient to utilize these deferred tax assets, therefore all of the deferred tax assets are recognized.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

The Group performs impairment testing annually to assess whether any impairment provision is required for goodwill in accordance with accounting policy stated in Note 2.5. The recoverable amounts of cash-generating units are determined based on value in use calculations. The assumptions used by the Group during the impairment test of the goodwill are explained in Note 15.

Useful lives of property, plant and equipment

The Group reviews the estimated useful lives of its property, plant and equipment at the end of each reporting period. The Group takes into consideration the intended use of the property, plant and equipment, the advancement in technology related to the particular type of property, plant and equipment as well as other factors that may require management to extend or shorten the useful lives and the assets' related depreciation.

Legal provisions

While allocating provisions for the lawsuits, the possibilities of losing the lawsuits and liabilities that will arise in case of a loss have been evaluated by the Group management by taking the legal counsel and expert opinions of the Company and its subsidiaries. The Group Management determines the lawsuit provisions based on the best estimates.

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- 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**
2.6 Critical Accounting Judgments and Key Sources of Estimation Uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

Employee termination benefits and seniority incentive bonus

Employee termination benefits and seniority incentive bonus are determined with actuarial assumptions (discount rate, future salary increase and turnover rates) (Note 17).

- 2.7 Significant changes regarding the current period**

The necessary actions have been taken by the Group management to minimize the possible effects of COVID-19, which affects the whole world, on the Group's activities and financial position. The production activities of the Group continued uninterrupted during the period of curfews.

While preparing the consolidated financial statements as of 31 December 2020, the Group has evaluated the possible effects of the COVID-19 outbreak on the financial statements and reviewed the estimates and assumptions used in the preparation of the consolidated financial statements. In this context, the Group has evaluated possible impairment on the trade receivables, inventories, property, plant and equipment, goodwill and investment properties included in its consolidated financial statements as of 31 December 2020, and no impairment has been identified.

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3. INTERESTS IN OTHER ENTITIES

Associates

Details of material associates

As of 31 December 2020 and 2019, details of each of the Group's material associates are as follows:

Joint Ventures and Associates Accounted under Equity Method	Location	Currency	Share	
			31 December 2020	31 December 2019
Ünye Çimento Sanayi ve Ticaret A.Ş.	Turkey	TL	-	40.03%

All the associates stated above are accounted for using the equity method in these consolidated financial statements.

	31 December 2020	31 December 2019
Ünye Çimento (*)	-	113.885.411
	-	113.885.411

(*) The explanation regarding the realized transaction is explained in detail in Note 1.

Ünye Çimento	31 December 2020	31 December 2019
Total Assets	-	374.746.113
Current assets	-	188.153.839
Non-Current assets	-	186.592.274
Total Liabilities	-	374.746.113
Short-term liabilities	-	68.286.931
Long-term liabilities	-	21.959.029
Equity	-	284.500.153
Share of the group	-	40.03%
Carrying value of subsidiary	-	113.885.411
Ünye Çimento	31 December 2020	31 December 2019
Revenue	72.228.786	293.729.959
Net profit for the year	93.757	39.993.054
Other comprehensive (expense)/income	(145.952)	(2.479.196)
Share of the group	37.531	16.009.220

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4. SEGMENT REPORTING

The Group has implemented TFRS 8 as of 1 January 2009 and determined operating segments based on internal management of reports used by governing body by the competent authority to make decisions about the Group's operations.

The Group's major reportable segments to from sales of cement in the domestic market.

The segment information is as follows:

Account Period Ended on 31 December 2020	Construction and Construction materials	Energy	Consolidation adjustments	Total
Third party sales	1.690.676.443	15.660.643	-	1.706.337.086
Related party sales	148.436.104	-	(148.436.104)	-
Net sales	1.839.112.547	15.660.643	(148.436.104)	1.706.337.086
Cost of goods sold	(1.286.918.264)	(2.260.242)	148.436.104	(1.140.742.402)
Gross Profit	552.194.283	13.400.401	-	565.594.684
Total assets	2.447.488.203	70.633.369	-	2.518.121.572
Total liabilities	719.235.920	-	-	719.235.920

Account Period Ended on 31 December 2019	Construction and Construction materials	Energy	Consolidation adjustments	Total
Third party sales	1.255.131.998	13.850.282	-	1.268.982.280
Related party sales	111.583.847	-	(111.583.847)	-
Net sales	1.366.715.845	13.850.282	(111.583.847)	1.268.982.280
Cost of goods sold	(1.075.547.926)	(1.808.906)	111.583.847	(965.772.985)
Gross Profit	291.167.919	12.041.376	-	303.209.295
Total assets	1.734.582.300	98.010.165	-	1.832.592.465
Total liabilities	639.324.802	-	-	639.324.802

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

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5. RELATED PARTY DISCLOSURES

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

The receivables and payables from related parties arise mainly from sale transactions of cement and construction supplies.

	31 December 2020		
	Current		
	Trade Receivables	Other Receivables	Sales
Çimpaş Çimento İnşaat Mlz. Paz. A.Ş. (1)	12.229	-	20.542
Nuh Çimento Eğitim ve Sağlık Vakfı (2) (*)	61.584	-	80.310
	<u>73.813</u>	<u>-</u>	<u>100.852</u>

(*) Amounts are consists of concrete sales that the Group has made to Nuh Çimento Eğitim ve Sağlık Vakfı.

	31 December 2019		
	Current		
	Trade Receivables	Other Receivables	Sales
Nuh Çimento Eğitim ve Sağlık Vakfı (2) (*)	-	-	143.112
Çimpaş Çimento İnşaat Mlz. Paz. A.Ş. (1)	3.921	-	12.695
	<u>3.921</u>	<u>-</u>	<u>155.807</u>

(1) Financial investments of the Company

(2) Foundation which was established by the Company with the decision of Council of Ministers

Compensation of key management personnel:

Key management personnel consists of members of Board of Directors and Executive Board members. The compensation of key management personnel includes salaries, bonus, health insurance, communication and transportation and total amount of compensation is disclosed below. The remuneration of key management personnel during the year were as follows:

	1 January- 31 December 2020	1 January- 31 December 2019
Salaries and other short-term benefits	13.317.471	10.268.477

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6. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

As at reporting date, details of the Group's trade receivables are as follows:

<u>Short-term trade receivables</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
Trade receivables	219.710.141	168.873.260
Notes receivable	174.755.823	126.209.343
Trade receivables from related parties (Note: 5)	73.813	3.921
Discount of notes receivables (-)	(1.896.726)	(2.366.074)
Provision for doubtful receivables (-)	(82.705.829)	(80.478.876)
<i>Trade receivables from third parties</i>	<i>(78.753.516)</i>	<i>(77.297.277)</i>
<i>Expected credit losses (-) effect of TFRS 9</i>	<i>(3.952.313)</i>	<i>(3.181.599)</i>
	<u>309.937.222</u>	<u>212.241.574</u>

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 35 days and therefore are all classified as current. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method (31 December 2019: 81 days).

As of 31 December 2020, trade receivables of TL 82.705.829 (31 December 2019: TL 80.478.876) were impaired and provided for. Significant part of the individually impaired receivables consist of wholesalers, which are in unexpectedly difficult economic situations and litigation process against the Group and provisions by applying TFRS 9 within the scope of the Group's general policy which include varying dates depending on the delays.

Movements on the group provision for allowance of trade receivables are as follows:

<u>Movement of doubtful receivables</u>	<u>1 January - 31 December 2020</u>	<u>1 January - 31 December 2019</u>
Opening balance	80.478.876	102.381.203
Written-off provision	-	(23.187.394)
Collections or reversal of provision (Note: 21)	(1.655.603)	-
Charge for the period (Note: 21)	3.111.842	3.341.270
Change in expense on TFRS 9 period (Note: 21)	770.714	(2.056.203)
Closing balance	<u>82.705.829</u>	<u>80.478.876</u>

As of 31 December 2020, there are no guarantees received from customers for doubtful trade receivables (31 December 2019: None).

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6. TRADE RECEIVABLES AND PAYABLES (cont'd)

a) Trade Receivables (cont'd):

The aging of trade receivables are as follows:

	31 December 2020	31 December 2019
Neither past due, nor impaired	249.088.608	179.011.737
Past due but not impaired	60.848.614	33.229.837
Impaired and provided for	82.705.829	80.478.876
	<u>392.643.051</u>	<u>292.720.450</u>

As of 31 December 2020, trade receivables amounting to TL 60.848.614 (31 December 2019: TL 33.229.837) are overdue but are not considered as doubtful receivables due to the ability to collect. Within the scope of the Company's general policy under the scope of TFRS 9 application, a provision is made for varying rates based on delays. The maturity analysis of these receivables is as follows:

	31 December 2020	31 December 2019
1 - 3 months	51.101.092	8.674.869
3 - 6 months	6.761.737	12.052.065
6 - 9 months	2.245.102	9.401.310
Over 9 months	740.683	3.101.593
	<u>60.848.614</u>	<u>33.229.837</u>

The Group held guarantee letter amounting to TL 25.585.450 for the trade receivables that are past due and not impaired (31 December 2019: TL 26.529.548).

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

b) Trade Payables:

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

	31 December 2020	31 December 2019
Trade payables	217.641.423	121.535.153
Notes payable	3.588.732	13.824.683
	<u>221.230.155</u>	<u>135.359.836</u>

The average maturity of credit sales of goods is 35 days. (31 December 2019: 48 days).

Explanation about the nature and level of risks related to trade receivables and payables are disclosed in Note 30.

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7. OTHER RECEIVABLES AND PAYABLES**a) Other Receivables**

	31 December 2020	31 December 2019
Short-term other receivables		
Other short-term receivables	4.719.407	2.247.681
Due from personnel	953.572	726.263
Deposits and quarantees given	284.037	52.894
Provision for doubtful receivables (-)	(1.310.637)	(1.310.637)
	<u>4.646.379</u>	<u>1.716.201</u>
Long-term other receivables		
Deposits and quarantees given	1.832.476	1.640.793
	<u>1.832.476</u>	<u>1.640.793</u>

b) Other Payables

	31 December 2020	31 December 2019
Short-term other receivables		
Taxes and dues payable	6.396.031	4.618.846
Deposits and quarantees received	4.283.060	3.380.570
Other miscellaneous payable	374.581	615.001
	<u>11.053.672</u>	<u>8.614.417</u>

8. OTHER CURRENT AND NON-CURRENT ASSETS

	31 December 2020	31 December 2019
Other current assets		
VAT carried forward	15.968.089	9.211.570
Personnel advances given	273.515	413.935
	<u>16.241.604</u>	<u>9.625.505</u>
Other non-current assets		
Deductible VAT in future years	3.167.170	3.613.794
	<u>3.167.170</u>	<u>3.613.794</u>

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9. INVENTORIES

	31 December 2020	31 December 2019
Raw materials	109.440.985	109.162.431
Work in process	24.073.646	47.711.619
Finished goods	15.979.139	11.802.907
Trade goods	96.680	173.758
Impairment on inventory (-)	(4.501.054)	(2.039.998)
	<u>145.089.396</u>	<u>166.810.717</u>

The Group determines inventories whose net realizable value is below the cost of each year, and a provision amounting to TL 4.501.054 has been reserved for inventory impairment (31 December 2019: TL 2.039.998). As of 31 December 2020, the total amount of inventories shown at net realizable value is TL 145.089.396 (31 December 2019: TL 166.810.717).

The movement table of the Group's provision for inventory impairment as of 31 December 2020 is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
<u>Movement of provision for impairment on inventories</u>		
Opening balance	2.039.998	2.039.998
Charge for the period	2.461.056	-
Closing balance	<u>4.501.054</u>	<u>2.039.998</u>

10. PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2020	31 December 2019
<u>Short-term prepaid expenses</u>		
Advances given for inventory purchase	8.414.714	4.312.937
Prepaid expenses	4.183.659	3.765.026
	<u>12.598.373</u>	<u>8.077.963</u>

	31 December 2020	31 December 2019
<u>Long-term prepaid expenses</u>		
Advances given for fixed asset purchase	4.114.313	4.252.795
Prepaid expenses	118.797	156.071
	<u>4.233.110</u>	<u>4.408.866</u>

	31 December 2020	31 December 2019
<u>Short-term deferred income</u>		
Order advances received	22.023.791	28.516.740
	<u>22.023.791</u>	<u>28.516.740</u>

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11. INVESTMENT PROPERTIES

Cost Value	Land	Buildings	Advances given	Total
Opening balance as of 1 January 2020	36.454.524	187.534.941	9.938.073	233.927.538
Additions	-	-	-	-
Disposals	-	(14.608.251)	-	(14.608.251)
Transfers	829.155	-	-	829.155
Closing balance as of 31 December 2020	37.283.679	172.926.690	9.938.073	220.148.442
Accumulated Depreciation	Land	Buildings	Advances given	Total
Opening balance as of 1 January 2020	-	(18.131.150)	-	(18.131.150)
Charge of the year	-	(3.187.545)	-	(3.187.545)
Impairment (-)	-	-	-	-
Closing balance as of 31 December 2020	-	(21.318.695)	-	(21.318.695)
Carrying value as of 31 December 2020	<u>37.283.679</u>	<u>151.607.995</u>	<u>9.938.073</u>	<u>198.829.747</u>

Cost Value	Land	Buildings	Advances given	Total
Opening balance as of 1 January 2019	26.579.838	186.996.912	9.938.073	223.514.823
Additions	9.874.686	5.085.433	-	14.960.119
Disposals	-	(4.164.444)	-	(4.164.444)
Closing balance as of 31 December 2019	36.454.524	187.917.901	9.938.073	234.310.498
Accumulated Depreciation	Land	Buildings	Advances given	Total
Opening balance as of 1 January 2019	-	(15.427.370)	-	(15.427.370)
Charge of the year	-	(2.955.632)	-	(2.955.632)
Impairment (-)	-	(131.108)	-	(131.108)
Closing balance as of 31 December 2019	-	(18.514.110)	-	(18.514.110)
Carrying value as of 31 December 2019	<u>36.454.524</u>	<u>169.403.791</u>	<u>9.938.073</u>	<u>215.796.388</u>

All depreciation expenses are included in expenses from investment activities (31 December 2019: included in expenses from investment activities).

Investment property consist of shopping mall and the hotel block and the lands which are held for investment purposes by the Group. The Group evaluates any indicator of reduction in value of its investment properties. If there is such an indicator exist, the Group compares the fair value and carrying value of the asset and records the impairment in value.

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11. INVESTMENT PROPERTIES (cont'd)

As of 31 December 2020 and 2019, the fair value of the lands included in the investment properties have been determined according to the decision taken by the Group management. As of 31 December 2020 and 31 December 2019, the fair value of the Group's land and buildings which is classified as investment property has been determined by an independent valuers not related to the Group which is Bilgi Gayrimenkul Değerleme ve Danışmanlık A.Ş.

As of 31 December 2020, The Group's rent revenue obtained by investment of real estate properties amounting to TL 26.662.401 (31 December 2019: TL 31.101.897). The Group paid property tax for investment of real estate properties amounting to TL 1.986.191 (31 December 2019: TL 1.795.296) (Note: 24).

As of 31 December 2020 and 31 December 2019, the fair value of the Group's investment property has been determined by an independent valuers not related to the Group which is ACE Gayrimenkul Değerleme ve Danışmanlık A.Ş. The fair value of the owned bazaar and hotel blocks was determined using a discounted cash flow method. During revaluation process, independent valuer used the capitalization rate was 9% and the nominal discount rate was 12% (31 December 2019: capitalization rate 8%, discount rate 19%).

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2020 and 2019 are as follows:

	31 December 2020	Fair value as at reporting period		
		1. Level TL	2. Level TL	3. Level TL
Hotel and Shopping Mall	419.150.000	-	-	419.150.000
Buildings	35.270.000	-	35.270.000	-
Lands	306.783.208	-	306.783.208	-
	31 December 2019	1. Level TL	2. Level TL	3. Level TL
Hotel and Shopping Mall	395.880.000	-	-	395.880.000
Buildings	47.993.386	-	47.993.386	-
Lands	248.448.000	-	248.448.000	-

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12. PROPERTY, PLANT AND EQUIPMENT

	Land	Land improvements	Land	Buildings	Plant, machinery and equipment	Motor vehicles	Furniture and fixture	Other tangible assets	Leasehold Improvements	Construction in Progress	Total
Cost Value											
Operating balance as of 1 January 2020	61.092.035	123.222.155	182.926.948	970.520.532	104.371.067	53.740.555	498.334	8.450.010	19.870.561	1.524.692.197	
Additions	411.469	2.460.432	651.392	56.219.756	7.986.829	5.312.493	-	4.999.317	10.153.786	88.195.474	
Disposals	-	(3.338.556)	(4.171.442)	(3.998.630)	(4.033.725)	(1.211.905)	-	(1.102.509)	-	(17.856.767)	
Fixed assets transferred to investment properties (Note: 11)	(829.155)	-	-	-	-	-	-	-	-	(829.155)	
Transfers	-	1.667.962	2.956.498	21.081.722	394.791	47.290	-	1.167.130	(27.430.290)	(114.897)	
Closing balance as of 31 December 2020	60.674.349	124.011.993	182.363.396	1.043.823.380	108.718.962	57.888.433	498.334	13.513.948	2.594.057	1.594.086.852	
Accumulated Depreciation											
Operating balance as of 1 January 2020	-	(63.873.932)	(93.975.034)	(571.852.258)	(71.659.088)	(45.764.499)	(498.334)	(5.414.101)	-	(853.037.246)	
Charge of the year	-	(6.955.051)	(7.195.531)	(46.969.872)	(10.669.748)	(2.731.049)	-	(1.535.275)	-	(76.056.526)	
Disposals	-	3.338.556	4.171.442	3.343.079	4.033.725	1.211.905	-	1.102.508	-	17.201.215	
Closing balance as of 31 December 2020	-	(67.490.427)	(96.999.123)	(615.479.051)	(78.295.111)	(47.283.643)	(498.334)	(5.846.868)	-	(911.892.557)	
Carrying value as of 31 December 2020	60.674.349	56.521.566	85.364.273	428.344.329	30.423.851	10.604.790	-	7.667.080	2.594.057	682.194.295	

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12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Land	Land improvements	Land	Buildings	Plant, machinery and equipment	Motor vehicles	Furniture and fixture	Other tangible assets	Leasehold Improvements	Construction in Progress	Total
Cost Value											
Opening balance as of 1 January 2019	60.164.955	116.815.906	-	180.162.389	1.041.507.342	101.175.317	50.956.247	498.334	9.142.369	7.168.061	1.567.590.920
Additions	927.080	5.015.905	-	(1.146.990)	26.318.550	2.955.124	3.149.913	-	218.067	27.518.229	64.955.878
Disposals	-	(45.282)	-	(5.966)	(10.042.181)	(220.364)	(365.605)	-	(910.426)	-	(11.589.824)
Transfers to fixed assets classified for sale (Note: 25)	-	-	-	-	(96.264.777)	-	-	-	-	-	(96.264.777)
Transfers	-	1.435.626	-	3.917.515	9.001.598	460.990	-	-	-	(14.815.729)	-
Closing balance as of 31 December 2019	61.092.035	123.222.155	-	182.926.948	970.520.532	104.371.067	53.740.555	498.334	8.450.010	19.870.561	1.524.692.197
Accumulated Depreciation											
Opening balance as of 1 January 2019	-	(57.238.140)	-	(89.386.148)	(602.127.316)	(61.002.586)	(42.894.422)	(498.334)	(5.213.444)	-	(858.360.390)
Charge of the year	-	(6.660.006)	-	(4.591.206)	(50.570.019)	(10.799.586)	(3.231.308)	-	(1.111.083)	-	(76.963.208)
Disposals	-	24.214	-	2.320	9.657.538	143.084	361.231	-	910.426	-	11.098.813
Transfers to fixed assets classified for sale (Note: 25)	-	-	-	-	71.187.539	-	-	-	-	-	71.187.539
Closing balance as of 31 December 2019	-	(63.873.932)	-	(93.975.034)	(571.852.258)	(71.659.088)	(45.764.499)	(498.334)	(5.414.101)	-	(853.037.246)
Carrying value as of 31 December 2019	61.092.035	59.348.223	-	88.951.914	398.668.274	32.711.979	7.976.056	-	3.035.909	19.870.561	671.654.951

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12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The useful lives for property, plant and equipment is as follows:

	<u>Useful lifes</u>
Land Improvements	15-50 years
Buildings	5-25 years
Plant, Machinery and Equipment	5-25 years
Motor Vehicles	4-15 years
Furniture and Fixture	3-25 years
Other Tangible Assets	3-10 years
Leasehold Improvements	5-10 years

Depreciation expense of TL 60.845.221 (31 December 2019: TL 61.570.566) has been charged in cost of goods sold, TL 6.084.522 (31 December 2019: TL 6.157.057) in marketing and sales expenses, and TL 9.126.783 (31 December 2019: TL 9.235.585) in administrative expenses.

As of 31 December 2020, insurance coverage of the Group's assets is TL 4.714.270.476 (31 December 2019: TL 3.830.632.698).

13. INTANGIBLE ASSETS

<u>Cost Value</u>	<u>Rights</u>	<u>Other intangible assets</u>	<u>Total</u>
Opening balance as of 1 January 2020	42.810.712	212.155	43.022.867
Additions	504.929	-	504.929
Disposals	(197.928)	-	(197.928)
Transferler	114.897	-	114.897
Closing balance as of 31 December 2020	43.232.610	212.155	43.444.765
<u>Accumulated Amortization</u>			
Opening balance as of 1 January 2020	(15.915.970)	(184.788)	(16.100.758)
Charge of the year	(1.368.987)	(2.227)	(1.371.214)
Disposals	197.928	-	197.928
Closing balance as of 31 December 2020	(17.087.029)	(187.015)	(17.274.044)
Carrying value as of 31 December 2020	26.145.581	25.140	26.170.721
<u>Cost Value</u>	<u>Rights</u>	<u>Other intangible assets</u>	<u>Total</u>
Opening balance as of 1 January 2019	41.940.779	212.155	42.152.934
Additions	869.933	-	869.933
Closing balance as of 31 December 2019	42.810.712	212.155	43.022.867
<u>Accumulated Amortization</u>			
Opening balance as of 1 January 2019	(14.157.561)	(179.581)	(14.337.142)
Charge of the year	(1.758.409)	(5.207)	(1.763.616)
Closing balance as of 31 December 2019	(15.915.970)	(184.788)	(16.100.758)
Carrying value as of 31 December 2020	26.894.742	27.367	26.922.109

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13. INTANGIBLE ASSETS (cont'd)

Amortization expense of TL 1.096.971 (31 December 2019: TL 1.410.893) has been charged in cost of goods sold, TL 109.697 (31 December 2019: TL 141.089) in marketing and sales expenses, and TL 164.546 (31 December 2019: TL 211.634) in administrative expenses.

The useful lives for intangible assets are as follows:

	<u>Useful lives</u>
Rights	4-20 years
Other intangible assets	1-10 years

14 RIGHT-OF-USE ASSETS

The Group's right-of-use asset movements as of the reporting period are as follows:

<u>Cost Value</u>	<u>Land</u>	<u>Harbor environment and pier use</u>	<u>Motor vehicles</u>	<u>Buildings</u>	<u>Total</u>
Opening balance as of 1 January 2020	17.700	20.851.020	4.104.725	593.666	25.567.111
Entries for operating lease assets	-	1.356.025	-	-	1.356.025
Closing balance as of 31 December 2020	17.700	22.207.045	4.104.725	593.666	26.923.136

<u>Accumulated Amortization</u>	<u>Land</u>	<u>Harbor environment and pier use</u>	<u>Motor vehicles</u>	<u>Buildings</u>	<u>Total</u>
Opening balance as of 1 January 2020	(17.700)	(1.377.870)	(893.036)	(117.512)	(2.406.118)
Period amortization	-	(1.738.739)	(286.768)	(42.515)	(2.068.022)
Closing balance as of 31 December 2020	(17.700)	(3.116.609)	(1.179.804)	(160.027)	(4.474.140)
Carrying value as of 31 December 2020	-	19.090.436	2.924.921	433.639	22.448.996

<u>Cost Value</u>	<u>Land</u>	<u>Harbor environment and pier use</u>	<u>Motor vehicles</u>	<u>Buildings</u>	<u>Total</u>
Opening balance as of 1 January 2019	-	-	-	-	-
Effect of change in accounting policy	698.775	19.431.948	2.357.606	593.666	23.081.995
Entries for operating lease assets	-	1.419.072	1.747.119	-	3.166.191
Entries for operating lease assets	(681.075)	-	-	-	(681.075)
Closing balance as of 31 December 2019	17.700	20.851.020	4.104.725	593.666	25.567.111

<u>Accumulated Amortization</u>	<u>Land</u>	<u>Harbor environment and pier use</u>	<u>Motor vehicles</u>	<u>Buildings</u>	<u>Total</u>
Opening balance as of 1 January 2019	-	-	-	-	-
Period amortization	(17.700)	(1.377.870)	(893.036)	(117.512)	(2.406.118)
Disposals	-	-	-	-	-
Closing balance as of 31 December 2019	(17.700)	(1.377.870)	(893.036)	(117.512)	(2.406.118)
Carrying value as of 31 December 2019	-	19.473.150	3.211.689	476.154	23.160.993

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14 RIGHT-OF-USE ASSETS (cont'd)

Items of right-of-use assets recognized in profit or loss are as follows:

	31 December 2020	31 December 2019
Amortization of assets subject to operating lease (Note: 21)	(2.068.022)	(2.406.118)
Interest expenses from leasing transactions (Note: 25)	(3.410.129)	(3.529.653)
Foreign exchange difference expenses from	(120.575)	(124.399)

The Group rents land and vehicles for the use of the harbor and pier, concrete batching plant installation. Lease contracts are usually made for fixed periods of 1 to 3 years for concrete batching plants and vehicles, and 18 to 50 years for port and pier use, and may have extension options. Lease terms can be individually negotiated and include a wide variety of different terms and conditions. Lease agreements are subject to contracts, but leased assets cannot be used as a guarantee for borrowing purposes.

In addition, car lease agreements with a usage permit between 2020 and 2022 and borrowing rate discounted with the rate in the initial calculation and measured at their present value, have been accounted for in the consolidated statement of financial position in line with the above explanations.

15. GOODWILL

	31 December 2020	31 December 2019
Cost value		
Opening balance	24.910.842	24.910.842
Closing balance	24.910.842	24.910.842
Accumulated impairment		
Opening balance	(7.562.568)	(7.562.568)
Closing balance	(7.562.568)	(7.562.568)
Carrying Amount		
Opening balance	17.348.274	17.348.274
Ending balance	17.348.274	17.348.274

Goodwill (Kudret Enerji) is valued by independent experts using discounted cash flow method. According to the valuation, impairment which amounting to TL 5.843.775 is determined and accounted under other expenses from operating activities as of 31 December 2013. In accordance with the valuations performed by the independent valuation specialists using the discounted cash flows method as of 31 December 2017, impairment amounting to TL 1.718.793 has booked to accompanying consolidated financial statements. As of 31 December 2020 and 2019, the independent valuation experts have not determine the impairment loss according to the valuation method using the discounted cash flow method.

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15. GOODWILL (cont'd)

In accordance with the valuations performed by the independent valuation specialists using the discounted cash flows method as of 31 December 2020, the Group was identified 17 million USD (31 December 2019: 20,8 million USD) net equity value. The USD-based weighted average cost of capital was calculated as 10,84% for 2020 and after (31 December 2019: 11,02%) and the unit electricity sale prices were held fixed for a 10-year purchase guarantee period and were presumed to increase at the rate of annual average consumer inflation as of the subsequent periods. The estimated electricity production throughout the period was assumed to be 36.000 kWh (31 December 2019: 36.000 kWh).

16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

	31 December 2020	31 December 2019
Short-term other provisions		
Legal claims and termination provisions	20.194.994	15.798.222
	<u>20.194.994</u>	<u>15.798.222</u>

As of 31 December 2020, TL 20.194.994 for open lawsuits and proceeded against the Company and its subsidiaries (31 December 2019: TL 17.434.881).

As of 31 December 2020, total litigation provision amounted to TL 20.194.994 is recognized for the ongoing lawsuits filed against the parent company and subsidiaries in the accompanying consolidated financial statements (31 December 2019: TL 15.798.222). The Company management don't expect any cash outflow regarding rest of the cases.

As of 31 December 2020 and 2019, movements on the group provision for legal claims and termination provisions are as follows:

	1 January- 31 December 2020	1 January- 31 December 2019
Opening balance	15.798.222	12.756.294
Payments and provisions no more required	(7.175.784)	(1.009.005)
Charge for the period (Note: 21)	11.572.556	4.050.933
Closing balance	<u>20.194.994</u>	<u>15.798.222</u>

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

a) Provisions (cont'd)

	31 December 2020	31 December 2019
<u>Long-term other provisions</u>		
Land restoration provision	4.645.336	6.554.608
	<u>4.645.336</u>	<u>6.554.608</u>

The Company owns mines in which the ownership belongs to the Company and holds the Company owns mines and land usage rights of mines owned by Treasury of Turkey as of 31 December 2020. To comply with the Communiqué of Ministry of Environment named as "Mining Operations and Recovery of Damaged Land" (Communiqué) which became effective after being published in the Official Gazette on 14 December 2007 and was amended on 23 January 2012, the Company has booked a provision amounting to TL 4.645.336 (31 December 2019: TL 6.554.608) for restoration costs regarding the laying of top soil and re-vegetation of the land in the areas that are reorganized in the mine lands in use, as of 31 December 2020, all the usable areas of the land with mining license. In accordance with the Communiqué, the land shall be restored in two years' period after the termination of the mining operations. After the completion of such activities, the license holder is permitted to leave the land in the following five years period.

As of 31 December 2020 and 2019, movements for land restoration is as follows:

	1 January- 31 December 2020	1 January- 31 December 2019
Opening balance	6.554.608	4.975.238
Charge for the period	(1.909.272)	1.579.370
Closing balance	<u>4.645.336</u>	<u>6.554.608</u>

The change in the provision for land restoration provision is accounted under cost of goods sold.

b) Contingent Assets and Liabilities:

As of 31 December 2020, total amount of checks and notes endorsed to third parties is TL 4.558.304 (31 December 2019: TL 3.110.074).

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

b) Contingent Assets and Liabilities (cont'd)

The Group's guarantees/pledge/mortgage are as follows:

31 December 2020	TL Equivalent	TL	US Dollars	Euro
A. Total amount of the GPM's given for its own legal entity				
-Guarantee	22.758.652	21.657.577	150.000	-
-Pledge	-	-	-	-
-Collaterals	-	-	-	-
B. GPM's given on behalf of fully consolidated companies				
-Guarantee	11.350.933	9.405.227	-	216.000
-Pledge	-	-	-	-
-Collaterals	-	-	-	-
C. GPM's are given on behalf of the third parties' debt for continuation of their economic activities				
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Collaterals	-	-	-	-
D. Total amount of other GPM's				
i. Given on behalf of majority shareholder				
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Collaterals	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C				
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Collaterals	-	-	-	-
iii. Given on behalf of third parties which are not in the scope of C				
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Collaterals	-	-	-	-
Total	34.109.585	31.062.804	150.000	216.000

As of 31 December 2020, the rate of total amount of other "CPM"s to total equity of the Group is 2%.

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

b) Contingent Assets and Liabilities (cont'd)

31 December 2019	TL Equivalent	TL	US Dollars	Euro
A. Total amount of the GPM's given for its own legal entity				
-Guarantee	30.774.601	30.774.601	-	-
-Pledge	-	-	-	-
-Collaterals	-	-	-	-
B. GPM's given on behalf of fully consolidated companies				
-Guarantee	1.436.530	-	-	216.000
-Pledge	-	-	-	-
-Collaterals	-	-	-	-
C. GPM's are given on behalf of the third parties' debt for continuation of their economic activities				
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Collaterals	-	-	-	-
D. Total amount of other GPM's				
i. Given on behalf of majority shareholder				
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Collaterals	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C				
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Collaterals	-	-	-	-
iii. Given on behalf of third parties which are not in the scope of C				
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Collaterals	-	-	-	-
Total	32.211.131	30.774.601	-	216.000

As of 31 December 2019, the rate of total amount of other "CPM"s to total equity of the Group is 3%.

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17. EMPLOYEE BENEFITS

Payables related to employee benefits

	31 December 2020	31 December 2019
Social security premiums payable	4.296.227	3.388.736
Due to personnel	3.870.735	2.896.677
	<u>8.166.962</u>	<u>6.285.413</u>

Short-term provision for employment termination benefits

	31 December 2020	31 December 2019
Provision for seniority incentive bonus	656.145	434.431
Provision for unused vacation pay liability	3.489.427	4.028.147
	<u>4.145.572</u>	<u>4.462.578</u>

As of 31 December 2020 and 2019, movements of unused vacation is as follows:

	1 January- 31 December 2020	1 January- 31 December 2019
Opening balance	4.028.147	3.832.022
Period charge	(538.720)	196.125
Closing balance	<u>3.489.427</u>	<u>4.028.147</u>

Long-term provision for employment termination benefits

	31 December 2020	31 December 2019
Provision for employment termination benefits	41.918.160	35.490.246
Provision for seniority incentive bonus	9.172.826	11.260.435
	<u>51.090.986</u>	<u>46.750.681</u>

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17. EMPLOYEE BENEFITS (cont'd)

Long-term provision for employment termination benefits (cont'd)

Seniority incentive bonus:

Some subsidiaries of the Group pays additional employee benefits to their employees above certain seniority limits as seniority incentive premiums. These incentive provision is reserved for to promote loyalty to the Company and its subsidiaries. The benefits are provided as follows; employees with 5 year work experience are paid for their 30 days wage, those with 10 year work experience are paid for their 55 days of their gross wage, those with 20 year work experience are paid for their 70 days wage, those with 25 or 30 year work experience are paid for their 75 days wage, for each level of payment with their actual working wage in the month they complete the respective seniority level in the mentioned range.

To calculate the provision for seniority incentive payments, the Group has considered the each employees years of service as of the balance sheet date since their job entrance dates and booked a provision for the discounted amount of the future payments as of the reporting date.

As of 31 December 2020 and 2019, movements of seniority incentive bonus is as follows:

	1 January- 31 December 2020	1 January- 31 December 2019
Opening balance	11.694.866	6.827.210
Current year charge	(1.444.127)	5.708.876
Payments	(421.768)	(841.220)
Closing balance	<u>9.828.971</u>	<u>11.694.866</u>

Employee termination benefits:

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

The amount payable consists of one month's salary limited to a maximum of TL 7.117,17 for each period of service as of 31 December 2020 (31 December 2019: TL 6.379,86).

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

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17. EMPLOYEE BENEFITS (cont'd)

Long-term provision for employment termination benefits (cont'd)

Employee termination benefits (cont'd):

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2020, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 4,01% real discount rate (31 December 2019: 3.64%) calculated by using 8,5% annual inflation rate and 12,85% discount rate. Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration as 7,35% for employees with 0-15 years of service, and 0% for those with 15 or more years of service. Ceiling for retirement pay is revised semi-annually. Ceiling amount of TL 7.638,96 which is in effect since 1 January 2021 is used in the calculation of Group's provision for retirement pay liability (1 January 2020: TL 6.730,15).

Significant assumptions used in the calculation of employee termination benefit is likely to leave the job depends on the discount rate and demand.

- If the discount rate had been 1% higher (lower), provision for employee termination benefits would decrease / (increase) by TL 3.372.200 / TL (2.929.641)
- If the inflation rate had been 1% lower / (higher) while all other variables were held constant, provision for employee termination benefits would increase / (decrease) by TL 516.460 / TL (469.935).

	1 January- 31 December 2020	1 January- 31 December 2019
Opening balance	35.490.246	26.476.564
Service cost	8.690.320	9.149.154
Interest cost	1.293.788	1.513.463
Termination benefits paid	(3.556.194)	(5.167.685)
Actuarial loss / (gain)	-	3.518.750
Closing balance	<u>41.918.160</u>	<u>35.490.246</u>

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18. OTHER LIABILITIES

	31 December 2020	31 December 2019
Other short term liabilities		
Deferred income (*)	4.177.118	3.873.250
Other liabilities	58.165	9.427
	4.235.283	3.882.677

(*) As of 31 December 2020, the accruals amounting to TL 3.864.298 recognized in the Group's expense accruals are related to the payments that the mining license holders will pay as the state right share over the production amounts they make. It is calculated as 4% of the State Rights sales amount to be obtained from the produced mines (31 December 2019: TL 3.365.897).

19. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Share Capital

As of 31 December 2020 and 2019, the share capital held of the Company is as follows:

Shareholders	Share (%)	31 December 2020	Share (%)	31 December 2019
Nuh Ticaret Sanayi ve Ticaret A.Ş.	44,13	66.283.864	44,13	66.283.864
Partaş Tekstil İnşaat Sanayi ve Ticaret A.Ş.	16,41	24.643.128	16,41	24.643.128
Diğer (*)	39,46	59.286.608	39,46	59.286.608
		150.213.600		150.213.600
Capital inflation differences (**)		39.338.145		39.338.145
		189.551.745		189.551.745

(*) Represents total of shareholdings less than 5%.

(**) "Adjustment to share capital" represents the restatement effect of cash and cash equivalent contributions to share capital measured in accordance with the CMB Financial Reporting Standards. "Adjustment to share capital" has no use other than being transferred to paid-in share capital.

The Company is subject to the capital system. The Company's issued capital assigned to 150.213.600 shares with nominal value of 1 TL each, amounting to TL 150.213.600.

The capital adjustment differences may be used in free capital increase or loss deduction. Furthermore, the inflation adjustment differences arising from legal reserves bearing no annotation to disable profit distribution may be used in profit distribution.

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19. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont'd)

b) Restricted Reserves Appropriated from Profit

	31 December 2020	31 December 2019
Legal reserves	339.342.867	331.841.894
	<u>339.342.867</u>	<u>331.841.894</u>

The legal reserves consist of first and second legal reserves appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% (not indexed to inflation) of the historical paid-in share capital. The second legal reserves are appropriated after the first legal reserves and dividends at the rate of 10% per annum of all cash dividend distributions. According to the Turkish Commercial Code, if the general legal reserve does not exceed half of the share capital or the issued capital, it can be used only to close the losses, to continue the business when business is not going well or to take measures to mitigate the results.

Dividend Distribution:

Listed companies distribute dividends according to the Communiqué numbered II-19.1 and published on 1 February 2014 in the Official Gazette.

Shareholders distribute their profits within the framework of the profit distribution policies to be determined by their general assemblies and in accordance with the provisions of the relevant legislation, by the decision of the general assembly. Within the scope of the communiqué, a minimum distribution rate has not been determined. Companies pay dividends as specified in their articles of association or profit distribution policies.

Since April 2020, the Group has paid dividend to shareholders amounting to TL 105.149.520 (May 2019: TL 105.662.304) TL 0.70 per share (May 2019: TL 0.70).

Funds Subject to Profit Distribution:

As of the reporting period, the Group's total items that may be subject to profit distribution in the statutory records is TL 488.842.375 including the retained earnings amounting to TL 134.637.786 and the net profit for the period amounting to TL 354.204.589.

Accumulated losses of companies including previous year's earnings, related premiums, legal reserves, share capital inflation adjustments are taken into account as deduction in calculation of current year distributable net income. In order to distribute dividends to the holders of dividend shares, privileged shareholders, to the members of the board of directors or to the employees, there has to be a provision in the articles of association. If there is no specific rate in terms of dividend distribution in the articles of association, dividends to be distributed to those cannot exceed one-fourth of dividends distributed to shareholders with the exception of privileged situations.

c) Foreign currency translation differences

As of 31 December 2020 and 2019 foreign currency translation differences are related to the Company's share in the foreign currency translation differences of the associates accounted under equity method.

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(Amounts expressed in Turkish Lira (TL))

20. REVENUE AND COST OF SALES

	1 January - 31 December 2020		1 January - 31 December 2019	
	Construction and Construction goods	Energy	Construction and Construction goods	Energy
Domestic sales	610.386.397	15.660.643	581.634.591	13.850.282
Foreign sales	1.104.587.377	-	681.083.403	-
Other sales	4.125.596	-	3.682.034	-
Sale returns (-)	(53.746)	-	(475.389)	-
Sale discounts (-)	(28.369.181)	-	(10.792.641)	-
	<u>1.690.676.443</u>	<u>15.660.643</u>	<u>1.255.131.998</u>	<u>13.850.282</u>
Total Revenue	<u><u>1.706.337.086</u></u>		<u><u>1.268.982.280</u></u>	

	1 January- 31 December 2020	1 January- 31 December 2019
Raw materials used	(1.005.696.918)	(851.278.431)
Employee benefits expenses	(35.316.921)	(15.569.487)
Production overheads	(35.687.004)	(34.898.830)
Amortization and depreciation expenses (Note: 12 and 13)	(61.942.192)	(62.981.459)
Other sales expenses	(2.099.367)	(1.044.778)
	<u>(1.140.742.402)</u>	<u>(965.772.985)</u>

21. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES AND RESEARCH AND DEVELOPMENT EXPENSES

	1 January- 31 December 2020	1 January- 31 December 2019
Administrative expenses	(107.059.998)	(86.059.774)
Marketing expenses	(61.747.880)	(38.192.786)
Research and development expenses	(7.062)	(7.037)
	<u>(168.814.940)</u>	<u>(124.259.597)</u>

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**21. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES AND RESEARCH
AND DEVELOPMENT EXPENSES (cont'd)****a) Details of General Administrative Expenses**

	<u>1 January- 31 December 2020</u>	<u>1 January- 31 December 2019</u>
Personnel expenses	(44.978.971)	(38.046.994)
Outsourcing benefits	(10.227.252)	(9.650.155)
Depreciation and amortization expenses (Note: 12 ve 13)	(9.291.329)	(9.447.219)
Tax and subscription fee	(10.585.846)	(8.961.713)
Premium expenses	(7.117.191)	(5.030.512)
Changes in litigation provision (Note: 15)	(11.572.556)	(4.050.933)
Amortization expenses on right-of-use assets (Note: 14)	(2.068.022)	(2.406.118)
Steam expenses	(1.060.738)	(1.777.560)
Rent expenses	(2.871.068)	(1.606.898)
Maintenance and repairment expenses	(1.639.494)	(1.575.777)
Provision expenses for doubtful trade receivables (Note: 6)	(2.226.953)	(1.285.067)
Office expenses	(950.006)	(857.563)
Insurance expenses	(741.261)	(735.048)
Electricity expenses	(247.296)	(260.332)
Fuel expenses	(91.607)	(197.781)
Other expenses	(1.390.408)	(170.104)
	<u>(107.059.998)</u>	<u>(86.059.774)</u>

b) Details of Marketing Expenses

	<u>1 January- 31 December 2020</u>	<u>1 January- 31 December 2019</u>
Exportation expenses	(41.909.756)	(23.064.765)
Depreciation and amortization expenses (Note: 12 ve 13)	(6.194.219)	(6.298.146)
Personnel expenses	(8.197.446)	(3.693.804)
Outsourced benefits	(1.681.665)	(2.344.191)
Premium expenses	(1.667.404)	(1.206.855)
Transportation expenses	(240.550)	(339.147)
Maintenance and repairment expenses	(412.076)	(273.003)
Tax and subscription fee	(274.226)	(268.317)
Rent expenses	(384.007)	(106.486)
Other expenses	(786.529)	(598.072)
	<u>(61.747.880)</u>	<u>(38.192.786)</u>

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22. EXPENSES BY NATURE

	<u>1 January- 31 December 2020</u>	<u>1 January- 31 December 2019</u>
Cost of goods sold	(1.005.696.918)	(851.278.431)
Cost of merchandises sold	(35.316.921)	(15.569.487)
Service cost provided	(35.687.004)	(34.898.830)
Depreciation and amortization expenses (Note: 11,12, 13 and 14)	(77.427.740)	(78.726.824)
Personnel expenses	(53.176.417)	(41.740.798)
Exportation expenses	(41.909.756)	(23.064.765)
Outsourced benefits	(11.908.917)	(11.994.346)
Tax and subscription fee	(10.860.072)	(9.230.030)
Premium expenses	(8.784.595)	(6.237.367)
Changes in litigation provision (Note: 15)	(11.572.556)	(4.050.933)
Amortization expenses on right-of-use assets (Note: 14)	(2.068.022)	(2.406.118)
Steam expenses	(1.060.738)	(1.777.560)
Maintenance and repairment expenses	(2.051.570)	(1.848.780)
Rent expenses	(3.255.075)	(1.713.384)
Provision expenses for doubtful trade receivables (Note: 6)	(2.226.953)	(1.285.067)
Office expenses	(950.006)	(857.563)
Insurance expenses	(741.261)	(735.048)
Transportation expenses	(240.550)	(339.147)
Electricity expenses	(247.296)	(260.332)
Fuel expenses	(91.607)	(197.781)
Other expenses	(4.283.366)	(1.819.991)
	<u>(1.309.557.342)</u>	<u>(1.090.032.582)</u>

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23. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for the years ended 31 December 2020 and 2019 are as follows:

	1 January- 31 December 2020	1 January- 31 December 2019
FX gains from trade receivables and payables	12.372.566	4.361.161
Compensation and fine income	2.326.999	91.471
Discount income	2.108.975	7.020.136
Insurance income for damages	2.436.834	3.375.512
Scrap sales income	3.308.381	2.657.042
Other income	199.511	31.100
	<u>22.753.266</u>	<u>17.536.422</u>

The details of other expense from operating activities for the years ended 31 December 2020 and 2019 are as follows:

	1 January- 31 December 2020	1 January- 31 December 2018
FX losses from trade receivables and payables	(11.142.165)	(7.126.115)
Donations and grants (*)	(8.733.522)	(7.435.195)
Accident and damage expenses	(2.001.182)	(2.429.077)
Interest expenses	(1.639.626)	(921.144)
Other expenses	(1.958.120)	(446.937)
	<u>(25.474.615)</u>	<u>(18.358.468)</u>

(*) It consists of donations made to the Eğitim ve Sağlık Vakfı, which was established as publicly beneficial foundation by the decision of the Council of Ministers, and other public benefits.

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24. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

The details of other income from investing activities for the years ended 31 December 2020 and 2019 are as follows:

Other Income from Investing Activities

	1 January- 31 December 2020	1 January- 31 December 2019
Rent income (*)	26.662.401	31.101.897
Gain on sale of property, plant and equipment and intangible assets	3.881.698	351.739
Gain on sale of non-current held for sale	22.805.823	-
Gain on sale of investment property	2.562.194	736.500
Translation differences of investments valued by using equity method (***)	2.912.400	-
Gain on fair value of investments valued by equity method (**)	198.790.614	-
Gain on sales of joint ventures	29.390	17.523.000
	<u>257.644.520</u>	<u>49.713.136</u>

(*) Includes the rent income from investment properties.

(**) The explanation about the transaction is explained in detail in Note 1.

(***)The effect of Ünye Çimento's accumulated other comprehensive income and expenses (foreign currency translation differences) to be reclassified in profit or loss has been accounted for in the income from investing activities account.

The details of expense from investing activities for the years ended 31 December 2020 and 2019 are as follows:

Other Expenses from Investing Activities

	1 January- 31 December 2020	1 January- 31 December 2019
Depreciation expenses from investment property (Note: 11)	(3.187.545)	(2.955.632)
Impairment expense from investment property (Note: 11)	-	(131.108)
Real estate tax for investment property	(1.986.191)	(1.795.296)
Impairment provision for financial investments (Note: 29)	-	(2.433.760)
	<u>(5.173.736)</u>	<u>(7.315.796)</u>

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25. FINANCE INCOME AND EXPENSES

The details of income from finance activities for the years ended 31 December 2020 and 2019 are as follows:

	1 January- 31 December 2020	1 January- 31 December 2019
Foreign exchange gains	130.164.974	65.853.687
Interest income	20.258.096	15.313.654
Income from derivative instruments (Note: 29)	-	3.327.321
Income from financial investments	389.638	1.259.742
	<u>150.812.708</u>	<u>85.754.404</u>

The details of expense from finance activities for the years ended 31 December 2020 and 2019 are as follows:

	1 January- 31 December 2020	1 January- 31 December 2019
Foreign exchange losses	(96.370.250)	(43.240.214)
Interest expenses	(31.546.861)	(78.269.997)
Interest expense of TFRS 16 (Note: 14)	(3.410.129)	(3.529.653)
Exchange losses of TFRS 16 (Note: 14)	(120.575)	(124.399)
Expense from derivative instruments (Note: 29)	(1.113.895)	-
	<u>(132.561.710)</u>	<u>(125.164.263)</u>

26. NON-CURRENT ASSETS HELD FOR SALE

On 24 April 2019, the Company's Board of Directors has decided to sell the Doğalgaz Kombim Çevrim Enerji Santrali, which is in the assets of the Company and whose licences of 119,98 Wne have been revoked, as where it is located and as it is (as where it is, and as it is and dismantling, packing, transportation, insurance and other expenses shall be borne by the buyers). In line with the decision taken, the Company management has recognized the related assets in the consolidated financial statements from property, plant and equipment to non-current assets held for sale.

Details regarding the disposal group classified as held for sale as of 31 December 2020 are given below:

	31 December 2020	31 December 2019
Cost value of property, plant and equipment	-	96.264.777
Accumulated depreciation of property, plant and equipment (-)	-	(71.187.539)
	<u>-</u>	<u>25.077.238</u>

Doğalgaz Kombim Çevrim Enerji Santrali, classified for sale, was sold on 25 December 2020 for a price of TL 44.296.021.

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27. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Corporation Tax

The Group, its subsidiary established in Turkey and other countries, associates and joint ventures are subject to the tax legislation and practices in the countries which they are operating.

In Turkey, the corporate tax rate is 22% (2019: 22%). This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation and by addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation. Corporate tax is required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one instalment by the end of the fourth month.

Companies calculate a temporary tax of 22% on their quarterly financial profits and declare until the 14th day of the second month following that period and pay it until the seventeenth day. The paid temporary tax within the year is deducted from the corporate tax to be calculated over the corporate tax declaration to be given the following year. If there is a temporary tax remaining despite the offset, this amount may be refunded in cash or deducted from any other financial debt against the state.

Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

15% withholding applies to dividends distributed by resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax.

Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis. As of 31 December 2020, current income tax payables have been offset against the prepaid taxes in entity basis but such offset amounts have been classified in gross basis in the consolidated financial statements. Prepaid taxes and corporate tax provision have been demonstrated as follows:

Investment Incentives

The revoked phrase “only attributable to “2006, 2007 and 2008” stated in Provisional Article 69 of Income Tax Law No:193 with the effect of Article 5 of Law No:6009 after having published in the Official Gazette No: 27659 as at 1 August 2010 and the Constitutional Court’s issued resolution no: 2009/144 published in the Official Gazette as at 8 January 2010 has been revised. The revised regulation allows companies to continue to benefit from the exception of undeductible and carry forward investment incentive due to insufficient earnings irrespective of having any time constraints. However, deductible amount for investment incentive exception used in the determination of tax base cannot exceed 25% of the related period’s income. In addition, companies that opt to use the investment incentive exemption are allowed to apply (22%) of income tax, instead of 30% under the related revised regulation.

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

Investment Incentives (cont'd)

The additional paragraph to Provisional Article 69 included in accordance with Law No:6009, which is related to the 25% threshold and requires the incentive amount that will be subject to investment incentive exemption in determining tax base cannot exceed 25% of the respective income, has been revoked based on the ground that it is contrary to the Constitution upon the Constitutional Court's resolution No: E. 2010/93 K. 2012/20 ("stay of execution") issued on 9 February 2012 and published in the Official Gazette No: 28208 on 18 February 2012. The related Constitutional Court's decision was published in the official Gazette No: 28719 as at 26 July 2013.

	31 December 2020	31 December 2019
<i>Current tax liability</i>		
Current corporate tax provision	95.722.640	38.174.306
Less: Prepaid taxes and funds	(75.288.089)	(28.903.407)
	<u>20.434.551</u>	<u>9.270.899</u>

As of 31 December 2020 and 2019, details of tax expense in consolidated profit table is as follows:

	31 December 2020	31 December 2019
Corporate tax (-)	(95.722.640)	(38.174.306)
Deferred tax income / (expense)	(4.352.547)	1.842.823
Adjustments related to prior period's taxes	5.506.888	-
	<u>(94.568.299)</u>	<u>(36.331.483)</u>

Tax recognized directly in equity

	1 January - 31 December 2020		
	Before tax amount	Tax expense/ income	Net of tax amount
Portion of other comprehensive income from investments valued by equity method	(3.043.721)	72.899	140.518.100
<i>Changes in foreign currency translation differences</i>	(2.679.228)	-	(2.679.228)
<i>Actuarial gain from retirement plans</i>	(364.493)	72.899	(291.595)
<i>Gain from investments in financial instruments based on equity</i>	151.041.234	(7.552.311)	143.488.923
Other comprehensive income	<u>(3.043.721)</u>	<u>72.899</u>	<u>140.518.100</u>

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

	1 January - 31 December 2019		
	Before tax amount	Tax expense/ income	Net of tax amount
Actuarial gain on retirement plans (Note: 17)	(3.518.750)	703.750	(2.815.000)
Portion of other comprehensive income from investments valued by equity method	(1.065.054)	72.899	(992.156)
<i>Changes in foreign currency translation differences</i>	(700.561)	-	(700.561)
<i>Actuarial gain from retirement plans</i>	(364.493)	72.899	(291.595)
Other comprehensive income	<u>(4.583.804)</u>	<u>776.649</u>	<u>(3.807.155)</u>

Deferred tax:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TAS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TAS and tax purposes and they are given below. The corporate tax rate has been increased to 22% from 20% for 2018,2019 and 2020 according to The Law numbered 7061 on Amendment of Certain Taxes and Laws and Other Acts which published on the Official Gazette dated 5 December 2017. In accordance with the aforementioned law, the deferred tax assets and liabilities in the consolidated financial statements as of 31 December 2018 and 2017 have been calculated with the tax rate of 22% for the temporary differences arising from the tax effect in 2019 and 2020 and calculated with tax rate of 20% for the temporary differences arising from tax effect in 2021 and subsequent periods.

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

Deferred tax (cont'd):

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. Details of deferred tax assets, liabilities, income and expenses are stated below:

	31 December 2020	31 December 2019
Temporary differences from property, plant and equipment and intangible assets	(27.609.311)	(29.263.985)
Provision for employment termination benefits	8.383.632	7.098.049
Provision for seniority incentive bonus	1.965.794	2.347.662
Provision for unused vacation	697.885	888.223
Provision for land restoration provision	929.067	1.310.922
Provision for doubtful receivables (including TFRS 9 impact)	5.728.402	5.974.125
Provision for legal claims	4.038.999	3.698.028
Temporary differences from inventories	900.211	575.933
Impairment for subsidiaries	486.752	484.017
Temporary differences from derivative instruments	(221.578)	(477.825)
Uncollectable receivables	-	749.023
Expected credit losses from demand and time deposits - TFRS 9	330.305	547.004
Right-of-use assets and lease liabilities	790.463	349.928
Temporary differences from investment property	1.079.252	1.655.215
Increase in value of financial assets	(12.959.828)	-
Other	(279.668)	228.916
	<u>(15.739.623)</u>	<u>(3.834.765)</u>
Less: Provision for deferred tax assets	-	-
Deferred tax assets	14.828.161	15.018.496
Deferred tax liabilities	(30.567.784)	(18.853.261)
Deferred tax liabilities, net	<u>(15.739.623)</u>	<u>(3.834.765)</u>

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27. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)Deferred tax (cont'd):

Movement of deferred tax (assets) / liabilities as of 31 December 2020 are as follows:

	1 January- 31 December 2020	1 January- 31 December 2019
<u>Movement of deferred tax liabilities:</u>		
Opening balance as at 1 January	(3.834.765)	(6.381.338)
Charged to profit or loss	(4.352.547)	1.842.823
Charged to equity	(7.552.311)	703.750
Closing balance	<u>(15.739.623)</u>	<u>(3.834.765)</u>

Total charge for the year can be reconciled to the accounting profit as follows:

	1 January- 31 December 2020	1 January- 31 December 2019
<u>Income tax reconciliation:</u>		
Income before tax from operating activities	664.817.708	197.124.353
Effective income tax rate	22%	22%
Expected taxation expenses	(146.259.896)	(43.367.358)
Tax effect of:		
- Undeductible expenses	(4.788.656)	(5.468.046)
- Withholding tax on dividends		
- Discount and donations	2.248.364	3.508.470
- Fair valuation of financial investment different tax rate effect	38.304.101	-
- The effect of the investment valued by using equity method in shares of profit/loss	8.257	3.522.028
- Change in provision for carryforward losses and tax losses	-	4.404.538
- Translation difference effect	640.728	-
- Adjustment related to prior period's tax	5.506.888	-
- Effects of tax rate change on deferred tax amount	4.173.279	1.075.666
- Tax effect of other adjustments	5.598.636	(6.781)
Tax provision expense recognised in profit or loss	<u>(94.568.299)</u>	<u>(36.331.483)</u>

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28. EARNINGS PER SHARE

Earnings per share are calculated by dividing net profit by the weighted average number of shares that have been outstanding during the year.

Companies can increase their share capital by making a pro rata distribution of shares (Bonus Shares) to existing shareholders without consideration for amounts resolved to be transferred to share capital from retained earnings. For the purpose of the earnings per share calculation such Bonus Share issues are regarded as stock dividends. Dividend payments, which are immediately reinvested in the shares of the Company, are regarded similarly.

Earnings per share are determined by dividing net income of the shareholders by the weighted average number of shares that have been outstanding during the related year.

	1 January- 31 December 2020	1 January- 31 December 2019
Net profit for the year	570.249.409	160.792.870
Weighted average number of ordinary shares (TL 1 nominal value per share earnings per share)	150.213.600	150.213.600
	3,80	1,07

29. FINANCIAL INSTRUMENTS

Financial Investments

	<u>Short-term</u>		<u>Long-term</u>	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
<i>Financial assets at fair value through profit or loss</i>				
a) Eurobonds	-	-	124.223.091	-
b) Non-listed company shares	-	-	136.205	136.205
<i>Financial assets at fair value through other comprehensive income</i>				
b) Non-listed company shares	-	-	463.701.362	-
<i>Financial assets at amortized cost</i>				
d) Term deposits with a maturity of more than 3 months	4.306.566	3.430.427	-	-
	<u>4.306.566</u>	<u>3.430.427</u>	<u>588.060.658</u>	<u>136.205</u>

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29. FINANCIAL INSTRUMENTS (cont'd)

Financial Liabilities (cont'd)

a) Eurobonds:

	31 December 2020			
	Nominal Value	Carrying Value	Change	Profit / (Loss)
Eurobonds	123.293.065	124.223.091	930.026	930.026
	<u>123.293.065</u>	<u>124.223.091</u>	<u>930.026</u>	<u>930.026</u>

As of 31 December 2020, the Company's financial investments, whose fair value changes are reflected in profit or loss, consist of funds issued by the Private Sector and traded in the international market.

b) Non-listed company shares:

Associates	Share (%)	31 December 2020	Share (%)	31 December 2019
Cementos Esfera S.A.	10	2.433.760	10	2.433.760
Çimpaş Çimento ve İnşaat Mlz. Paz. A.Ş. (*)	12,10	90.900	12,07	90.900
Kosbaş Kocaeli Serbest Bölgesi (*)	<1	37.500	<1	37.500
Antalya Güç Birliği (*)	<1	7.805	<1	7.805
		<u>2.569.965</u>		<u>2.569.965</u>
Impairment provision - Cementos Esfera S.A.		(2.433.760)		(2.433.760)
		<u>136.205</u>		<u>136.205</u>

(*) As of 31 December 2020 and 31 December 2019, Çimpaş Çimento ve İnşaat Mlz. Paz. A.Ş., Cementos Esfera SA, Antalya Güç Birliği and Kosbaş Kocaeli Serbest Bölgesi, which are the Company's assets at fair value through other comprehensive income, do not significantly affect the condensed consolidated financial statements and it is not possible to calculate the fair values of these investments in a reasonable manner, these financial non-current assets are carried at their cost in the condensed consolidated statement of financial position.

c) Listed company shares:

Shares	31 December 2020	31 December 2019
Oyak Çimento Fabrikaları A.Ş. (*)	463.701.362	-
	<u>463.701.362</u>	<u>-</u>

(*) The explanation about the transaction is explained in detail in Note 1.

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29. FINANCIAL INSTRUMENTS (cont'd)

Financial Instruments (cont'd)

d) Time deposits with a maturity of more than 3 months:

The Group also has time deposits with a maturity of more than 3 months at an interest rate of 3,20% and 1,75% respectively, amounting to USD 568.719 and USD 17.000, equivalent to TL 4.306.566. Related amount is shown under short term financial investments (31 December 2019: TL 3.430.427).

Financial Liabilities

	31 December 2020	31 December 2019
Short-term bank borrowings	155.513.285	-
Current portion of long-term borrowings	26.942.843	223.016.873
Current portion of long-term lease liabilities	4.169.226	4.856.220
Total short-term borrowings	<u>186.625.354</u>	<u>227.873.093</u>
Long-term bank borrowings	115.529.000	108.132.500
Long-term lease liabilities	18.558.230	18.969.877
Total borrowings	<u>320.712.584</u>	<u>354.975.470</u>

As of 31 December 2020 and 2019, details of the short and long-term borrowings which are Group used are stated below:

Currency	Interest Rate (%)	31 December 2020	
		Current	Non-Current
Euro	2,25 - 2,65	52.555.120	90.079.000
TL	6,95 - 8,50	129.901.008	25.450.000
		<u>182.456.128</u>	<u>115.529.000</u>

Currency	Interest Rate (%)	31 December 2019	
		Current	Non-Current
Euro	2,70 - 5,50	1.982.248	83.132.500
USD	2,05 - 5,11	12.655.243	-
TL	11,15 - 27,02	208.379.382	25.000.000
		<u>223.016.873</u>	<u>108.132.500</u>

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29. FINANCIAL INSTRUMENTS (cont'd)

Financial Liabilities (cont'd)

Maturity of borrowings are stated below:

	31 December 2020			31 December 2019		
	Bank Borrowings	Lease Liabilities	Total Borrowings	Bank Borrowings	Lease Liabilities	Total Borrowings
To be paid within 1 year	182.456.128	4.169.226	186.625.354	223.016.873	4.856.220	227.873.093
To be paid between 1-2 years	90.079.000	375.817	90.454.817	41.626.500	482.495	108.614.995
To be paid between 2-3 years	-	443.050	443.050	66.506.000	568.813	568.813
To be paid between 3-4 years	-	522.312	522.312	-	670.574	670.574
To be paid between 4-5 years	25.450.000	615.754	26.065.754	-	790.540	790.540
To be paid between 5+ years	-	16.601.296	16.601.296	-	16.457.455	16.457.455
	<u>297.985.128</u>	<u>22.727.456</u>	<u>320.712.584</u>	<u>331.149.373</u>	<u>23.826.097</u>	<u>354.975.470</u>

Reconciliation of liabilities from finance activities are stated below:

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2020	Financing cash- flows	Non-cash changes		New lease liabilities	31 December 2020
			Interest accrual adjustment	Foreign currency movement		
Bank loans	331.149.373	(67.905.334)	1.462.389	33.278.700	-	297.985.128
Lease liabilities	23.826.097	(5.864.795)	3.410.129	-	1.356.025	22.727.456
	<u>354.975.470</u>	<u>(73.770.129)</u>	<u>4.872.518</u>	<u>33.278.700</u>	<u>1.356.025</u>	<u>320.712.584</u>

	1 January 2019	Financing cash- flows	Non-cash changes		New lease liabilities	31 December 2019
			Interest accrual adjustment	Foreign currency movement		
Bank loans	575.159.763	(257.715.713)	360.705	13.344.618	-	331.149.373
Lease liabilities	19.377.598	(2.371.744)	3.529.653	124.399	3.166.191	23.826.097
	<u>594.537.361</u>	<u>(260.087.457)</u>	<u>3.890.358</u>	<u>13.469.017</u>	<u>3.166.191</u>	<u>354.975.470</u>

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29. FINANCIAL INSTRUMENTS (cont'd)

Derivative Financial Instruments

Currency derivative transactions:

	31 December 2020		31 December 2019	
	Assets	Liabilities	Assets	Liabilities
Foreign currency forward contracts	1.107.891	-	2.221.786	-
Short-term	1.107.891	-	2.025.645	-
Long-term	-	-	196.141	-
	1.107.891	-	2.221.786	-

The Group uses foreign exchange derivatives to hedge its future significant transactions and cash flows from financial risk. The Group is a party to various foreign currency forwards transactions and options depending on the management of exchange rate fluctuations. The derivative instruments purchased are mainly denominated in foreign currencies in which the Group operates.

As of 31 December 2020, the fair value of the Group's cross exchange contracts is estimated to be approximately TL 21.786.375 and as of 31 December 2019, TL 1.113.895 profit is recognized in the statement of profit or loss (31 December 2019: approximately TL 74.609.500, TL 3.327.321 loss).

The Group's main financial instruments consist of bank loans, cash and short-term deposits. The main purpose of these financial instruments is to finance the Group's operations. The Group also has other financial instruments, such as trade payables and trade receivables, arising directly from its operations.

30. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Capital risk management

For proper management of capital risk, the Company aims to maintain continuity of operations so as to provide earnings to partners and benefits to other shareholders, and to increase profitability through determining a product and service pricing policy that is commensurate with the level of risks inherent in the market.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 29, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Group determines the amount of share capital in proportion to the risk level. The equity structure of the Group is arranged in accordance with the economic outlook and the risk attributes of assets.

The Group monitors capital management by using the debt/equity ratio. This ratio is calculated by dividing the debt, net, by the total share capital. The net debt is calculated by deducting the value of cash and cash equivalents from the total debt. The total share capital is the sum of all equity items stated in the statement of consolidated financial position.

During 2020, the Group's strategy, which was unchanged from 2019, was to maintain the gearing ratio which is calculated by financial liabilities minus cash and cash equivalents and short term financial liabilities. The gearing ratios at 31 December 2020 and 2019 were as follows:

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

a) Capital risk management (cont'd)

	31 December 2020	31 December 2019
Financial Liabilities (Note: 29)	320.712.584	354.975.470
Less: Cash and Cash Equivalents and Short-Term Financial Investments (Note: 34)	<u>(468.774.772)</u>	<u>(312.528.626)</u>
Net Debt	(148.062.188)	42.446.844
Total Equity	1.798.885.652	1.193.267.663
Total Capital	<u>1.650.823.464</u>	<u>1.235.714.507</u>
Gearing Ratio	<u>0%</u>	<u>3,44%</u>

b) Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

b.1) Credit risk management

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group monitors the credibility of the parties with whom they perform transactions and also takes into account the credit rating of the related instruments when making the investment preference. The credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Before accepting any new customer, credit limits by customer are determined and defined after the assessment of the potential customer's credit quality.

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

b) Financial Risk Factors (cont'd)

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

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. The Group's trade receivables cover a large number of customers within the majority and the construction sector. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased. Additionally, the Group management evaluates the trade payables and financial assets on a customer and asset basis at the end of the period and ensures that the required provisions for the non-collectible amounts are reflected in the consolidated financial statements.

Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2020, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

In order to minimize the credit risk, the Group has performed credit ratings considering the default risks of the counterparties and categorized the related parties. The Group's current credit risk rating methodology includes the following categories:

Category	Description	Basis for recognizing expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit – impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit – impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

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30. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont')

b) Financial Risk Factors (cont' d)

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

Credit risk exposure based on financial instrument categories	Receivables			Bank Deposits		
	Trade Receivables	Other Receivables	Financial Investments			
31 December 2020	Related Party	Third Party	Related Party	Third Party	Financial Investments	Bank Deposits
Minimum credit risk exposure at the balance sheet date (*)	73.813	309.863.409	-	6.478.855	592.367.224	466.874.175
- Secured portion of minimum credit risk via guarantee or etc. (**)	-	194.050.878	-	-	-	-
A. Net book value of not due or not impaired financial assets	73.813	249.014.795	-	6.478.855	592.367.224	466.874.175
B. Net book value of assets that are due but not impaired	-	60.848.614	-	-	-	-
- Overdue (gross book value)	-	60.848.614	-	-	-	-
- Secured net value via guarantee or etc.	-	25.585.450	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	78.753.516	-	1.310.637	-	-
- Impairment (-)	-	(78.753.516)	-	(1.310.637)	-	-
- Secured net value via guarantee or etc.	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Secured net value via guarantee or etc.	-	-	-	-	-	-
D. Off balance sheet items bearing credit risk	-	-	-	-	-	-

(*) The factors that increase the credit reliability, such as guarantees received are not considered in the determination of the balance.

(**) Guarantees consist of *guarantee letters, guarantee notes and mortgages* obtained from the customers.

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30. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont')

b) Financial Risk Factors (cont' d)

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

Credit risk exposure based on financial instrument categories	Receivables			Financial Investments	Bank Deposits	
	Trade Receivables	Other Receivables				
31 December 2019	Related Party	Third Party	Related Party	Third Party	Investments	Bank Deposits
Minimum credit risk exposure at the balance sheet date (*)	3.921	212.237.653	-	3.356.994	3.566.632	307.669.636
- Secured portion of minimum credit risk via guarantee or etc. (**)	-	141.732.361	-	-	-	-
A. Net book value of not due or not impaired financial assets	3.921	179.007.816	-	3.356.994	3.566.632	307.669.636
B. Net book value of assets that are due but not impaired	-	33.229.837	-	-	-	-
- Overdue (gross book value)	-	33.229.837	-	-	-	-
- Secured net value via guarantee or etc.	-	26.529.548	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	77.297.277	-	1.310.637	-	-
- Impairment (-)	-	(77.297.277)	-	(1.310.637)	-	-
- Secured net value via guarantee or etc.	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Secured net value via guarantee or etc.	-	-	-	-	-	-
D. Off balance sheet items bearing credit risk	-	-	-	-	-	-

(*) The factors that increase the credit reliability, such as guarantees received are not considered in the determination of the balance.

(**) Guarantees consist of *guarantee letters, guarantee notes and mortgages* obtained from the customers.

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

b) Financial Risk Factors (cont'd)

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

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. The Group manages this risk that may arise from its dealers or from other customers by restricting the credit limits determined for the dealers according to the amount of guarantees received. Credit limits are regularly monitored by the Group and the customers' credit quality are regularly evaluated by considering the customer's financial position, past experiences and other factors.

Most of the Group's trade receivables are coming from sales of construction supplies with customers. If necessary, Group takes insurance or guarantees for these trade receivables from customers.

Aging analysis of the receivables which are overdue but not impaired is as follows:

	Trade Receivables	
	31 December 2020	31 December 2019
Until 1-90 days	51.101.092	8.674.869
Until 3-6 months	6.761.737	12.052.065
Until 6-9 months	2.245.102	9.401.310
Until 9-12 months	449.376	1.881.752
More than 1 year past due	291.307	1.219.841
Total overdue receivables	60.848.614	33.229.837
Secured portion with guarantee letter	(25.585.450)	(26.529.548)
	35.263.164	6.700.289

b.2) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. As of reporting date, the Group has no unused borrowings to decrease liquidity risk level.

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

b) Financial Risk Factors (cont'd)

b.2) Liquidity risk management (cont'd)

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

31 December 2020

<u>Due dates on agreement</u>	<u>Carrying Value</u>	<u>Cash outflows according to agreements (I+II+III)</u>	<u>Less than 3 months (I)</u>	<u>Between 3-12 months (II)</u>	<u>Between 1-5 years (III)</u>
Non-derivative financial instruments					
Bank loans	297.985.128	364.825.982	27.850.290	214.392.265	122.583.427
Lease liabilities	22.727.456	26.137.585	6.287.827	9.461.447	10.388.311
Trade payables	221.230.155	221.230.155	221.230.155	-	-
Other payables	11.053.672	11.053.672	11.053.672	-	-
Payables due to personnel	8.166.962	8.166.962	8.166.962	-	-
Total liabilities	561.163.373	631.414.356	274.588.906	223.853.712	132.971.739
Derivative financial instruments					
Derivative cash inflows	1.107.891	1.107.891	-	1.107.891	-
	<u>1.107.891</u>	<u>1.107.891</u>	<u>-</u>	<u>1.107.891</u>	<u>-</u>

31 December 2019

<u>Due dates on agreement</u>	<u>Carrying Value</u>	<u>Cash outflows according to agreements (I+II+III)</u>	<u>Less than 3 months (I)</u>	<u>Between 3-12 months (II)</u>	<u>Between 1-5 years (III)</u>
Non-derivative financial instruments					
Bank loans	331.149.373	409.419.370	98.492.581	148.204.189	162.722.600
Lease liabilities	23.826.097	27.355.750	6.580.877	9.902.406	10.872.467
Trade payables	135.359.836	135.359.836	135.359.836	-	-
Other payables	8.614.417	8.614.417	8.614.417	-	-
Payables due to personnel	6.285.413	6.285.413	6.285.413	-	-
Total liabilities	505.235.136	587.034.786	255.333.124	158.106.594	173.595.068
Derivative financial instruments					
Derivative cash inflows	2.221.786	2.221.786	196.126	1.829.519	196.141
	<u>2.221.786</u>	<u>2.221.786</u>	<u>196.126</u>	<u>1.829.519</u>	<u>196.141</u>

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

b.3) Market risk management

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

Market risk exposures are supplemented by sensitivity analysis and stress scenarios.

There is no change in Group's exposure to the market risks and the methods that the Group's measurement and management of these market risks.

b.3.1) Foreign currency risk management

Transactions denominated in foreign currencies result in foreign currency risk.

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

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

b.3) Market risk management (cont'd)

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

	31 December 2020				
	TL Equivalents (Functional currency)	US Dollars	Euro	GBP	CHF
1. Trade Receivable	39.141.853	4.769.662	458.503	-	-
2a. Monetary Financial Assets	383.194.860	49.686.043	2.047.054	3.500	-
2b. Non-Monetary Financial Assets	120.884.073	16.468.098	-	-	-
4. CURRENT ASSETS	543.220.786	70.923.803	2.505.557	3.500	-
6a. Monetary Financial Assets	9.191.761	797.199	370.777	-	-
8. NON-CURRENT ASSETS	9.191.761	797.199	370.777	-	-
9. TOTAL ASSETS	552.412.547	71.721.002	2.876.334	3.500	-
10. Trade Payables	(36.699.409)	(4.314.722)	(558.087)	-	-
11. Financial Liabilities	(52.555.115)	-	(5.834.336)	-	-
12a. Monetary Other Liabilities	(3.751.305)	(510.490)	(450)	-	-
13. SHORT-TERM LIABILITIES	(93.005.829)	(4.825.212)	(6.392.873)	-	-
15. Financial Liabilities	(90.079.000)	-	(10.000.000)	-	-
16b. Monetary Other Liabilities	(2.530.052)	(310.429)	(27.903)	-	-
17. LONG-TERM LIABILITIES	(92.609.052)	(310.429)	(10.027.903)	-	-
18. TOTAL LIABILITIES	(185.614.881)	(5.135.641)	(16.420.776)	-	-
20. Net foreign currency asset / liability position (9+18)	366.797.666	66.585.361	(13.544.442)	3.500	-
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	366.797.666	66.585.361	(13.544.442)	3.500	-
23. Import	210.412.467	24.196.456	5.110.432	-	-
24. Export	1.076.895.873	143.491.909	8.979.865	-	-

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

b.3) Market risk management (cont'd)

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

	31 December 2019				
	TL Equivalents (Functional currency)	US Dollars	Euro	Ruble	CHF
1. Trade Receivable	1.693.606	284.903	184	-	-
2a. Monetary Financial Assets	231.025.581	37.273.819	1.443.317	1.636	-
2b. Non-Monetary Financial Assets	23.070.965	3.883.870	-	-	-
4. CURRENT ASSETS	255.790.152	41.442.591	1.443.501	1.636	-
6a. Monetary Financial Assets	3.149.801	-	473.612	-	-
8. NON-CURRENT ASSETS	3.149.801	-	473.612	-	-
9. TOTAL ASSETS	258.939.953	41.442.591	1.917.113	1.636	-
10. Trade Payables	(31.934.407)	(4.211.258)	(1.040.311)	-	-
11. Financial Liabilities	(14.637.491)	(2.130.441)	(298.056)	-	-
12a. Monetary Other Liabilities	(3.035.405)	(510.490)	(450)	-	-
13. SHORT-TERM LIABILITIES	(49.607.303)	(6.852.189)	(1.338.817)	-	-
15. Financial Liabilities	(83.132.500)	-	(12.500.000)	-	-
16b. Monetary Other Liabilities	(15.857.413)	(1.379.229)	(1.152.455)	-	-
17. LONG-TERM LIABILITIES	(98.989.913)	(1.379.229)	(13.652.455)	-	-
18. TOTAL LIABILITIES	(148.597.216)	(8.231.418)	(14.991.272)	-	-
20. Net foreign currency asset / (liability) position (9+18)	110.342.737	33.211.174	(13.074.159)	1.636	-
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	87.271.772	29.327.304	(13.074.159)	1.636	-
23. Import	181.022.631	29.875.364	1.808.592	-	19.632
24. Export	674.738.431	118.320.632	585.759	-	-

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

b.3) Market risk management (cont'd)

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

Foreign currency sensitivity analysis

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar and EURO.

The following table details the Group's sensitivity to a 20% increase and decrease in US Dollar and EURO against TL. 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. A positive value below indicates an increase in profit or equity.

Due to the short and long term loans being held in foreign currency, the payments to be made in foreign currency cause foreign currency risk in cases where the exchange rates rise against Turkish Lira. In addition, foreign exchange rate risk arising from exchange rate changes is exposed to the translation of foreign currency denominated assets or liabilities to Turkish Lira due to the Group's business activities with foreign companies. Exchange rate risk is monitored and limited by analyzing the foreign exchange position. The Group follows a policy to diversify the foreign exchange basket as much as possible in order to manage the risk of exchange arising from future transactions and losses and assets and liabilities.

	31 December 2020		31 December 2019	
	Profit / Loss		Profit / Loss	
	Value increase in foreign currency	Value decrease in foreign currency	Value increase in foreign currency	Value decrease in foreign currency
In case 20% appreciation of USD against TL				
1 - USD net asset / liability	97.753.968	(97.753.968)	39.456.203	(39.456.203)
2- Amount hedged USD risk (-)	-	-	-	-
3- USD net effect (1 +2)	97.753.968	(97.753.968)	39.456.203	(39.456.203)
In case 20% appreciation of Euro against TL				
4 - Euro net asset / liability	(24.401.396)	24.401.396	(17.390.200)	17.390.200
5- Amount hedged Euro risk (-)	-	-	-	-
6- Euro net effect (4 +5)	(24.401.396)	24.401.396	(17.390.200)	17.390.200
In case 20% appreciation of other currencies against TL				
7 - Other currencies net asset / liability	6.960	(6.960)	2.544	(2.544)
8- Amount hedged other currencies risk (-)	-	-	-	-
9- Other currencies net effect (7 +8)	6.960	(6.960)	2.544	(2.544)
TOTAL (3 + 6 +9)	73.359.532	(73.359.532)	22.068.547	(22.068.547)

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

b.3) Market risk management (cont'd)

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

Foreign exchange forward contracts

It is the policy of the Group to enter into foreign exchange forward contracts to manage the foreign currency risk associated with anticipated sales and purchase transactions out to 12 months.

The Group's policy has been reviewed and, due to the increased volatility in US Dollars, it was decided to hedge up for foreign currency forward risk arising on translation of the foreign operation. The Group utilises a rollover hedging strategy, using contracts with terms of up to 12 months.

The following tables detail the foreign currency forward contracts outstanding at the end of the reporting period, as well as information regarding their related hedged items. Foreign currency forward contract assets and liabilities are presented in the line 'Derivative financial instruments' (shown as liabilities) within the statement of financial position (Note: 29):

Hedging instruments	Average rate		Nominal amount: Foreign currency		Nominal amount: Turkish Lira		Change in fair value for recognising hedge	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	<i>Cash flow hedges</i>							
Purchase of US Dollars								
Less than 3 months	-	6,9182	-	5.000.000	-	34.430.000	-	196.126
Between 3-6 months	7,1107	7,6963	500.000	4.000.000	3.555.375	29.929.500	183.906	1.829.519
Between 6-12 months	7,2924	-	2.500.000	-	18.231.000	-	923.985	-
Over 12 months	-	6,8333	-	1.500.000	-	10.250.000	-	196.141
			3.000.000	10.500.000	21.786.375	74.609.500	1.107.891	2.221.786

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

b.3) Market risk management (cont'd)

b.3.2) Interest rate risk management

The sensitivity analysis below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year.

Interest rate sensitivity

Details of the Group's interest rates of financial assets and liabilities are stated below:

	Interest Rate Position Table	
	31 December 2020	31 December 2019
Financial Instruments		
with Fixed Interest Rate	761.658.796	601.157.941
Time Deposits (TL)	88.410.129	56.823.814
Time Deposits (Foreign Currency)	375.263.539	218.943.286
Total Time Deposits (Note: 34)	463.673.668	275.767.100
Financial Liabilities (TL)	134.462.953	233.379.382
Financial Liabilities (Foreign Currency)	163.522.175	92.011.459
Lease Liabilities (TL)	21.251.571	22.278.867
Lease Liabilities (Foreign Currency)	1.475.885	1.547.229
Financial Instruments		
with Variable Interest Rate	-	5.758.533
Financial Liabilities (Foreign Currency)	-	5.758.533
Total Financial Liabilities (Note: 29)	320.712.584	354.975.470

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(Amounts expressed in Turkish Lira (TL))

31. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES)

31 December 2020	Financial assets at amortized cost	FVTPL	FVTOCI	Financial liabilities at amortized cost	Carrying value	Note
<u>Financial assets</u>						
Cash and cash equivalents	464.468.206	-	-	-	464.468.206	34
Trade receivables	309.937.222	-	-	-	309.937.222	6
Financial investments	128.529.657	136.205	463.701.362	-	592.367.224	29-34
Derivative instruments	-	1.107.891	-	-	1.107.891	29
Other receivables	6.478.855	-	-	-	6.478.855	7
<u>Financial liabilities</u>						
Bank loans	-	-	-	320.712.584	320.712.584	29-34
Trade payables	-	-	-	221.230.155	221.230.155	6
Other payables	-	-	-	11.053.672	11.053.672	7
Payables related to employee benefits	-	-	-	8.166.962	8.166.962	17

The Group management considers the carrying amount of financial assets approximate their fair values.

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31. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES) (cont'd)

31 December 2019	Financial assets at amortized cost	FVTPL	FVTOCI	Financial liabilities at amortized cost	Carrying value	Note
<u>Financial assets</u>						
Cash and cash equivalents	309.098.199	-	-	-	309.098.199	34
Trade receivables	212.237.653	-	-	-	212.237.653	6
Financial investments	3.566.632	136.205	-	-	3.702.837	29-34
Derivative instruments	-	2.221.786	-	-	2.221.786	29
Other receivables	3.356.994	-	-	-	3.356.994	7
<u>Financial liabilities</u>						
Bank loans	-	-	-	354.975.470	354.975.470	29
Trade payables	-	-	-	135.359.836	135.359.836	6
Other payables	-	-	-	8.614.417	8.614.417	7
Payables related to employee benefits	-	-	-	6.285.413	6.285.413	17

The Group management considers the carrying amount of financial assets approximate their fair values.

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31. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES) (cont'd)

Fair value of financial instruments

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

- 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;
- 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.

Assets and liabilities measured at fair value based on valuation techniques

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined;

<u>Financial Liabilities</u>	<u>Fair value</u>		<u>Fair level</u>	<u>Valuation technique</u>
	<u>31 December 2020</u>	<u>31 December 2019</u>		
Foreign exchange forward contracts	1.107.891	2.221.786	Level 2	Market value

The reconciliation of financial liabilities which valued at level 2 are stated as follows:

	<u>31 December 2020</u>	<u>31 December 2019</u>
	<u>Financial liability recognized at fair value through profit or loss</u>	<u>Financial liability recognized at fair value through profit or loss</u>
	<u>Derivative Financial Instruments</u>	<u>Derivative Financial Instruments</u>
Opening balance, 1 January	2.221.786	2.221.786
Total gain		
-The period profit / (loss) as reflected in the profit (Note: 25)	(1.113.895)	-
Closing balance, 31 December	<u>1.107.891</u>	<u>2.221.786</u>

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

None.

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33. EVENTS AFTER THE REPORTING DATE

Although the number of shares of Oyak Çimento Fabrikaları A.Ş., one of the Group's asset at fair value through other comprehensive income, remained unchanged after the reporting period, the fair unit price of Oyak Çimento Fabrikaları A.Ş. was realized at Borsa Istanbul as TL 7,82 TL/unit at the end of the 2 March 2021 session (31 December 2020: TL 8,78 TL/unit).

34. NOTES TO THE STATEMENT OF CASH FLOWS

	31 December 2020	31 December 2019
Cash on hand	40.140	28.771
Cash at banks	462.567.609	304.239.209
<i>Demand deposits</i>	3.200.507	31.902.536
<i>Time deposits</i>	459.367.102	272.336.673
Cheques and notes received	1.860.457	4.830.219
Cash and cash equivalents as shown in cash flows	<u>464.468.206</u>	<u>309.098.199</u>
Less: Time deposits over 3 months maturity	4.306.566	3.430.427
Cash and Cash Equivalents	<u><u>468.774.772</u></u>	<u><u>312.528.626</u></u>

The credit risk, foreign currency and sensitivity risks of financial assets and liabilities are disclosed in Note 30.

As of 31 December 2020 and 2019, maturities of the Group's time deposits which are less than 3 months are stated below:

<u>Currency</u>	<u>Interest rate (%)</u>	<u>31 December 2020</u>
TL	16,25 - 17,85	84.103.563
US Dollars	0,25 - 3,4	358.507.688
Euro	0,05	16.755.851

<u>Currency</u>	<u>Interest rate (%)</u>	<u>31 December 2019</u>
TL	7,50 - 10,50	53.393.387
US Dollars	1,50 - 2,40	217.031.471
Euro	1,00	1.911.815

As of 31 December 2020, the maturity of time deposits varies between 4 and 34 days (31 December 2019: 2 to 41 days). Interest rates of time deposits are fixed.