NUH ÇİMENTO SANAYİ A.Ş.
AND ITS SUBSIDIARIES

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

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

Deloitte.

DRT Bağımsız Denetim ve
Serbest Muhasebeci
Mali Müşavirlik A.Ş.
Maslak no1 Plaza
Eski Büyükdere Caddesi
Maslak Mahallesi No:1
Maslak, Sarıyer 34485
İstanbul, Türkiye

Tel : +90 (212) 366 6000
Fax : +90 (212) 366 6010
www.deloitte.com.tr

Mersis No: 0291001097600016
Ticari Sicil No : 304099

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

INDEPENDENT AUDITOR'S REPORT

**To the General Assembly of
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 2021, 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 2021, 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.

Deloitte.

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
Revenue recognition The Group management takes into account the 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. Revenue is important in terms of the amount of the financial statements and the measurement of the Company's performance. 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. 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. Disclosure of the Group's revenue recognition accounting policies and balances are presented in Note 2 and Note 20.	We performed the following procedures in relation to the revenue recognition: • 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, we focused on 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. Sales lists have been provided from the relevant departments. The control of the completeness and accuracy of these lists have been tested. In addition, we assessed the adequacy of the disclosures in Note 20 under TFRS.

Deloitte.

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

The 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.
- 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.

Deloitte.

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

- 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 1 March 2022.

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

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

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

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

Ali Çiçekli
Partner

Istanbul, 1 March 2022

INDEX **Pages**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	**1-2**
CONSOLIDATED STATEMENT OF PROFIT OR LOSS	**3**
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	**4**
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	**5**
CONSOLIDATED STATEMENT OF CASH FLOWS	**6**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	**7-88**
NOTE 1 ORGANIZATION AND OPERATIONS OF THE GROUP	7-9
NOTE 2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS	9-34
NOTE 3 INTERESTS IN OTHER ENTITIES	34
NOTE 4 SEGMENT REPORTING	34-35
NOTE 5 RELATED PARTY DISCLOSURES	35-36
NOTE 6 TRADE RECEIVABLES AND PAYABLES	36-38
NOTE 7 OTHER RECEIVABLES AND PAYABLES	38
NOTE 8 OTHER CURRENT AND NON-CURRENT ASSETS	39
NOTE 9 INVENTORIES	39
NOTE 10 PREPAID EXPENSES AND DEFERRED INCOME	40
NOTE 11 INVESTMENT PROPERTIES	40-42
NOTE 12 PROPERTY, PLANT AND EQUIPMENT	43-45
NOTE 13 INTANGIBLE ASSETS	45-46
NOTE 14 RIGHT-OF-USE ASSETS	46-47
NOTE 15 GOODWILL	47
NOTE 16 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	48-51
NOTE 17 EMPLOYEE BENEFITS	52-54
NOTE 18 OTHER LIABILITIES	54
NOTE 19 SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS	55-56
NOTE 20 REVENUE AND COST OF SALES	57
NOTE 21 GENERAL ADMINISTRATIVE EXPENSES, MARKETING AND SALES EXPENSES AND RESEARCH AND DEVELOPMENT EXPENSES	57-58
NOTE 22 EXPENSES BY NATURE	59
NOTE 23 OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES	60
NOTE 24 INCOME AND EXPENSES FROM INVESTING ACTIVITIES	61
NOTE 25 FINANCE INCOME AND EXPENSE	62
NOTE 26 NON-CURRENT ASSETS HELD FOR SALE	62
NOTE 27 INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)	62-67
NOTE 28 EARNINGS PER SHARE	68
NOTE 29 FINANCIAL INSTRUMENTS	68-72
NOTE 30 NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS	72-83
NOTE 31 FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES)	84-86
NOTE 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	86
NOTE 33 EVENTS AFTER THE REPORTING PERIOD	87
NOTE 34 DISCLOSURES OF STATEMENT OF CASH FLOWS	87-88

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

(Amounts expressed in Turkish Lira (TL))

	Notes	Current Period 31 December 2021	Prior Period 31 December 2020
ASSETS			
Current Assets		**1,648,247,014**	**959,007,964**
Cash and Cash Equivalents	34	553,884,272	464,468,206
Financial Investments	29	7,767,675	4,306,566
Trade Receivables	6	424,520,781	309,937,222
Trade Receivables from Related Parties	*5*	*17,800*	*73,813*
Trade Receivables from Third Parties		*424,502,981*	*309,863,409*
Other Receivables	7	54,775,851	4,646,379
Other Receivables from Third Parties		*54,775,851*	*4,646,379*
Derivative Instruments	29	-	1,107,891
Inventories	9	434,301,351	145,089,396
Prepaid Expenses	10	109,183,396	12,598,373
Current Tax Assets	27	199,957	612,327
Other Current Assets	8	63,613,731	16,241,604
Non-Current Assets		**1,824,989,003**	**1,559,113,608**
Trade Receivables		9,224,625	-
Trade Receivables from Third Parties	*6*	*9,224,625*	-
Other Receivables		2,039,034	1,832,476
Other Receivables from Third Parties	*7*	*2,039,034*	*1,832,476*
Financial Investments	29	528,950,900	588,060,658
Investment Properties	11	193,887,280	198,829,747
Property, Plant and Equipment	12	804,057,072	682,194,295
Right of Use Assets	14	22,111,254	22,448,996
Intangible Assets		42,956,443	43,518,995
Goodwill	*15*	*17,348,274*	*17,348,274*
Other Intangible Assets	*13*	*25,608,169*	*26,170,721*
Prepaid Expenses	10	31,130,998	4,233,110
Deferred Tax Asset	27	186,196,931	14,828,161
Other Non-Current Assets	8	4,434,466	3,167,170
TOTAL ASSETS		**3,473,236,017**	**2,518,121,572**

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

(Amounts expressed in Turkish Lira (TL))

	Notes	Current Period 31 December 2021	Prior Period 31 December 2020
LIABILITIES AND EQUITY			
Current Liabilities		**844,945,772**	**498,110,334**
Short-Term Borrowings	29	248,000,000	155,513,285
Short-Term Portions of Long-Term Borrowings	29	159,639,079	26,942,843
Lease Liabilities	29	1,943,928	4,169,226
Trade Payables	6	269,988,577	221,230,155
Trade Payables to Third Parties		*269,988,577*	*221,230,155*
Payables Related to Employee Benefits	17	9,527,928	8,166,962
Other Payables	7	22,389,733	11,053,672
Other Payables to Third Parties		*22,389,733*	*11,053,672*
Deferred Income	10	61,355,041	22,023,791
Current Income Tax Liability	27	46,001,093	20,434,551
Short-Term Provisions		25,803,966	24,340,566
Short-Term Provisions for Employee Benefits	*17*	*5,864,583*	*4,145,572*
Other Short-Term Provisions	*16*	*19,939,383*	*20,194,994*
Other Short-Term Provisions	18	296,427	4,235,283
Non-Current Liabilities		**456,440,210**	**221,125,586**
Long-Term Liabilities	29	312,655,357	115,529,000
Lease Liabilities	29	23,044,387	18,558,230
Long-Term Provisions		75,241,310	55,736,322
Long-Term Provisions for Employee Benefits	*17*	*68,273,836*	*51,090,986*
Other Long-Term Provisions	*16*	*6,967,474*	*4,645,336*
Deferred Income		-	*734,250*
Deferred Tax Liability	27	45,499,156	30,567,784
EQUITY		**2,171,850,035**	**1,798,885,652**
Equity Attributable to Equity Holders of the Parent		**2,171,842,472**	**1,798,882,235**
Paid-in 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		90,796,422	134,943,401
- Gains from Investments to Equity-Based Financial Instruments		*99,341,944*	143,488,923
- Loss on remeasurement of defined benefit plans		*(8,545,522)*	*(8,545,522)*
Restricted Reserves Appropriated from Profit	19	467,909,963	339,342,867
Retained Earnings		781,156,726	564,794,480
Net Profit for the Period		642,427,616	570,249,742
Non-Controlling Interest		**7,563**	**3,417**
TOTAL LIABILITIES AND EQUITY		**3,473,236,017**	**2,518,121,572**

NUH ÇİMENTO SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2021

(Amounts expressed in Turkish Lira (TL))

	Note	Current Period 1 January- 31 December 2021	Prior Period 1 January- 31 December 2020
PROFIT OR LOSS			
Revenue	20	2,493,229,032	1,706,337,086
Cost of Sales (-)	20	(1,794,543,838)	(1,140,742,402)
GROSS PROFIT		**698,685,194**	**565,594,684**
General Administrative Expenses (-)	21	(141,092,155)	(107,059,998)
Marketing Expenses (-)	21	(76,476,667)	(61,747,880)
Research and Development Expenses (-)	21	(15,691)	(7,062)
Other Income from Operating Activities	23	110,028,891	22,753,266
Other Expenses from Operating Activities (-)	23	(54,885,200)	(25,474,615)
OPERATING PROFIT		**536,244,372**	**394,058,395**
Income from Investing Activities	24	46,783,275	257,644,520
Expenses from Investing Activities (-)	24	(5,539,656)	(5,173,736)
Shares of Profit/Losses of Investments Valued by Equity Method	3	-	37,531
PROFIT BEFORE FINANCE INCOME / (EXPENSES)		**577,487,991**	**646,566,710**
Finance Income	25	263,945,713	150,812,708
Finance Expenses (-)	25	(193,380,722)	(132,561,710)
PROFIT BEFORE TAX		**648,052,982**	**664,817,708**
Tax Expense		(5,621,220)	(94,568,299)
Current Tax Expense	*27*	*(159,734,830)*	*(90,215,752)*
Deferred Tax (Expense) / Income	*27*	*154,113,610*	*(4,352,547)*
PROFIT FOR THE PERIOD		**642,431,762**	**570,249,409**
Profit for the Period Attributable to			
Non-Controlling Interests		4,146	(333)
Equity of the Parent Company		642,427,616	570,249,742
Earnings per share	28	4.28	3.80

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

AUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2021

(Amounts expressed in Turkish Lira (TL))

	Note	Current Period 1 January- 31 December 2021	Prior Period 1 January- 31 December 2020
PROFIT FOR THE PERIOD		**642,431,762**	**570,249,409**
OTHER COMPREHENSIVE (EXPENSES) / INCOME:			
Items that will not be reclassified subsequently to profit or loss		**(44,146,979)**	**143,197,328**
Loss on Remeasurement of Defined Benefit Plans of Investment in Associates Valued by Equity Method		-	*(364,493)*
Loss on Remeasurement of Defined Benefit Plans of Investment in Associates Valued by Equity Method, Tax Effect		-	*72,899*
Earnings from Investments in Equity-Based Financial Instruments	*1*	(46,470,767)	151,041,234
Earnings from Investments in Equity-Based Financial Instruments, Tax Effect	*27*	2,323,788	(7,552,311)
Items that will be reclassified subsequently to profit or loss		**-**	**(2,679,228)**
Foreign Currency Translation Difference		-	*(2,679,228)*
OTHER COMPREHENSIVE INCOME / (EXPENSES)		**(44,146,979)**	**140,518,100**
TOTAL COMPREHENSIVE INCOME		**598,284,783**	**710,767,509**
Total Comprehensive Income Attributable To:		**598,284,783**	**710,767,509**
Non-Controlling Interests		4,146	(333)
Equity of the Parent Company		598,280,637	710,767,842

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 2021

(Amounts expressed in Turkish Lira (TL))

			Accumulated Other Comprehensive Income or Expenses that will not be Reclassified Subsequently to Profit or Loss			Accumulated Other Comprehensive Income or Expenses that will be Reclassified Subsequently to Profit or Loss		Retained Earnings				
	Paid -in Capital	Capital Adjustment Difference	Gain / (Loss) on Remeasurement of Defined Benefit Plans	Gain / (Loss) Revaluation and Classification	Gains / (Losses) from Investments in Equity Financial Instruments	Foreign Currency Translation Differences	Restricted Reserves Appropriated from Profit	Prior Years' Losses	Net Profit for the Period	Total equity attributable to the parent	Non-controlling interests	Equity
Balances as of 1 January 2020	**150,213,600**	**39,338,145**	**(9,447,375)**	**5,712**	**-**	**2,679,228**	**331,841,894**	**517,839,089**	**160,793,620**	**1,193,263,913**	**3,750**	**1,193,267,663**
Transfers	-	-	-	-		-	7,500,973	153,292,647	(160,793,620)	-	-	-
Total Comprehensive Income	-	-	(291,595)	-	143,488,923	(2,679,228)	-	-	570,249,742	**710,767,842**	(333)	**710,767,509**
Impact of changes in the scope of consolidation (Note 1)	-	-	1,193,448	(5,712)	-	-	-	(1,187,736)	-	-	-	-
Dividends	-	-	-	-	-	-	-	(105,149,520)	-	**(105,149,520)**	-	**(105,149,520)**
Balances as of 31 December 2020	**150,213,600**	**39,338,145**	**(8,545,522)**	**-**	**143,488,923**	**-**	**339,342,867**	**564,794,480**	**570,249,742**	**1,798,882,235**	**3,417**	**1,798,885,652**
Balances as of 1 January 2021	**150,213,600**	**39,338,145**	**(8,545,522)**	**-**	**143,488,923**	**-**	**339,342,867**	**564,794,480**	**570,249,742**	**1,798,882,235**	**3,417**	**1,798,885,652**
Transfers	-	-	-	-	-	-	128,567,096	441,682,646	(570,249,742)	-	-	-
Total Comprehensive Income	-	-	-	-	(44,146,979)	-	-	-	642,427,616	**598,280,637**	4,146	**598,284,783**
Dividends	-	-	-	-	-	-	-	(225,320,400)	-	**(225,320,400)**	-	**(225,320,400)**
Balances as of 31 December 2021	**150,213,600**	**39,338,145**	**(8,545,522)**	**-**	**99,341,944**	**-**	**467,909,963**	**781,156,726**	**642,427,616**	**2,171,842,472**	**7,563**	**2,171,850,035**

The accompanying notes from 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 2021

(Amounts expressed in Turkish Lira (TL))

	Note	Current Period 1 January- 31 December 2021	Prior Period 1 January- 31 December 2020
A. Cash Flows from Operating Activities			
Profit for the Period		**642,431,762**	**570,249,409**
Adjustments Related to Reconciliation of Net Profit for the Period			
- Adjustments Related to Depreciation and Amortisation	11-12-13-14	91,544,083	82,683,307
- Adjustments Related to Impairment (Reversal)			
- Adjustments Related to Impairment in Receivables	*6*	*5,962,709*	*3,882,556*
- Adjustments Related to Inventory Impairment	*9*	*-*	*2,461,056*
Adjustments Related to Provisions			
- Adjustments Related to Legal Claims	*16*	*767,907*	*11,572,556*
- Adjustments Related to (Reversal of) Provisions Allocated Within the Framework of Sectoral Requirements	*16*	*2,322,138*	*(1,909,272)*
- Adjustments Related to Provision for Employee Benefits	*17*	*23,098,760*	*8,001,261*
Adjustments Related to Tax Expense	27	5,621,220	94,568,299
Adjustments Related to Unrealized Foreign Currency Translation Differences		113,666,947	33,278,700
Adjustments Related to Tax (Income) / Expense			
- Adjustments Related to Interest Income	*25*	*(23,185,474)*	*(20,258,096)*
- Adjustments Related to Interest Expense	*25*	*26,285,194*	*34,956,990*
Adjustments Related to Derivative Transactions	25	-	1,113,895
Gain on Disposal of Non-Current Assets			
- Adjustments Related to Gain on Disposal of Property, Plant and Equipment	*24*	*(4,894,865)*	*(3,881,698)*
- Adjustments Related to Gain on Disposal of Investment Properties	*24*	*(528,369)*	*(2,562,194)*
Adjustments Related to Gain From Disposal Of Non-Current Assets Held For Sale Distribution To Shareholders	*24*	-	(22,805,823)
Adjustments Related to Gain From Disposal Of Associates or Changes in Shares	1	-	(198,790,614)
Adjustments Related to Associates' Profit Accounted According to Equity Method		-	(37,531)
Other		-	616,217
		883,092,012	**593,139,018**
Changes in working capital			
- Adjustments Related to Increase/Decrease in Inventories		(289,211,955)	19,260,265
- Adjustments Related to Increase/Decrease in Trade Receivables		(129,770,893)	(101,578,204)
- Adjustments Related to Increase/Decrease in Other Receivables from Operating Activities		(195,244,175)	(13,582,562)
- Adjustments Related to Increase/Decrease in Trade Payables		48,758,422	85,870,319
- Adjustments Related to Increase/Decrease in Other Payables from Operating Activities		47,355,170	(1,085,289)
Net Cash Flows Generated from Operating Activities		**364,978,581**	**582,023,547**
Taxes Paid/Returns	27	(134,368,245)	(78,957,852)
Legal Claims Paid	16	(1,023,518)	(7,175,784)
Employee Termination Benefits Paid	17	(4,196,898)	(3,977,962)
		225,389,920	**491,911,949**
B. Cash Flows from Investing Activities			
Cash Outflows from Purchases of Property, Plant and Equipment and Intangible Assets	10-12-24	(233,865,570)	(88,700,403)
Cash Inflows from Sales of Property, Plant and Equipment and Intangible Assets		5,298,011	4,537,250
Cash Inflows from Sales of Investment Properties	11-24	2,028,626	17,170,445
Cash Inflows From Sales of Non-Current Assets Held For Sale		-	44,296,021
Other cash inflows/outflows		10,285,773	(125,099,230)
		(216,253,160)	**(147,795,917)**
C. Cash Flows from Financing Activities			
Dividend Paid	19	(225,320,400)	(105,149,520)
Interest Paid		(16,729,357)	(30,084,472)
Cash Inflows / (Outflows) from Borrowings, net	29	303,283,425	(67,905,334)
Cash Outflows from Repayment of Lease Liabilities	29	(4,139,836)	(5,864,795)
Interest Received	25	23,185,474	20,258,096
		80,279,306	**(188,746,025)**
NET INCREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECTS OF FOREIGN CURRENCY TRANSLATION DIFFERENCES (A+B+C)		**89,416,066**	**155,370,007**
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	34	464,468,206	309,098,199
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)	34	**553,884,272**	**464,468,206**

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

(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 ("the Group") are joint stock and limited liability companies and their principal activities are production of various types of cement, lime, ready-mixed concrete, gas concrete, electricity generation, transportation, real estate and marketable securities management, import, export service and trade sectors.

The head office address of the Company is Hacı Akif Mah. D-100 Karayolu Cad. No:92 Körfez / Kocaeli.

The Company is registered with the Capital Markets Board ("CMB") and 16.18% of its shares are open to the public. It has been traded on Borsa Istanbul ("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 2021 and 2020, the average number of personnel of the Group is categorized as follows;

	1 January- 31 December 2021	1 January- 31 December 2020
Blue collar	932	890
White collar	316	315
	1,248	1,205

The main partner of the Group and the parties holding the main control are respectively; Nuh Ticaret Sanayi ve Ticaret A.Ş. and Partas Tekstil İnşaat Sanayi ve Ticaret A.Ş. are companies.

Shareholders	31 December 2021	31 December 2020
Nuh Ticaret Sanayi ve Ticaret A.Ş.	44.13%	44.13%
Partaş Tekstil İnşaat Sanayi ve Ticaret A.Ş.	16.32%	16.41%
Listed	16.18%	16.32%
Other (*)	23.37%	23.14%
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 1 March 2022. General Assembly has power to change the Group's consolidated financial statements.

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

Subsidiaries:

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

<u>Nuh Beton A.Ş. ("Nuh Beton")</u>

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, Büyükbakkalköy, 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 A.Ş. (Nuh Beton) was established in 1995. Besides, approximately 87 thousand m² shopping center and hotel constructions on the land owned by Nuh Beton in Bostancı were finalized in and carried to financial statements as investment property.

<u>Nuh Yapı Ürünleri A.Ş. ("Nuh Yapı")</u>

A lime factory with a capacity of 160,000 m3/year within the body of Nuh Çimento in 1984, and a gas concrete brick plant with a capacity of 160,000 tons/year in 1996, became operational.

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.

<u>Nuh Gayrimenkul İnşaat A.Ş. (Nuh Gayrimenkul)</u>

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.

<u>Çim-Nak Taşımacılık Limited Şirketi (Çim-Nak)</u>

It was established in 1979 to provide maritime and land transportation services, mine ores management and sea transportation services.

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

<u>Navig Holding Trade B.V. (Navig)</u>

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. The activities of the Company are not at a significant level for the Group.

<u>Nuh Agro Tarım A.Ş. (Nuh Agro)</u>

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. The activities of the Company are not at a significant level for the Group.

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 Istanbul 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% 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 99,341,944 between 21 May 2020 and 31 December 2021 has been accounted for under the earnings from investments in equity instruments in the statement of other comprehensive income. As of 31 December 2021, the value of Oyak Çimento in financial assets is TL 417,225,599.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance with TFRS

The accompanying consolidated interim financial statements have been prepared in accordance with the Turkish Financial Reporting Standards ("TFRS") in compliance with the pursuant to Article 5 of 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.

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.

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

2.1 Basis of Presentation (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.

<u>Going concern</u>

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

<u>Currency Used</u>

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.

<u>Adjustments of consolidated financial statements in hyperinflationary periods</u>

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

In the statement made by the Public Oversight Accounting and Auditing Standards Authority ("POA") on 20 January 2022, since the cumulative change in the general purchasing power of the last three years according to the Consumer Price Index ("CPI") is 74.41%, it is stated that there is no need to make any adjustments in the financial statements for 2021 within the scope of TAS 29 Financial Reporting Standard in Hyperinflationary Economies. In the accompanying financial statements, no inflation adjustment has been made in accordance with TAS 29.

<u>Comparative Information and Restatement of Prior Period Consolidated Financial Statements</u>

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.

(Amounts expressed in Turkish Lira (TL))

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

2.1 Basis of Presentation (cont'd)

Periodicity

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

Basis of consolidation

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

			Share in capital	
Subsidiaries	Location	Currency	31 December 2021	31 December 2020
Nuh Beton A.Ş.	Turkey	TL	100%	100%
Nuh Yapı Ürünleri A.Ş.	Turkey	TL	100%	100%
Çim-Nak Taşımacılık Limited Şirketi	Turkey	TL	99.99%	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	-	-

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

All subsidiaries above are recognized or in these consolidated financial statements using the full consolidation method.

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.

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

2.1 Basis of Presentation (cont'd)

Basis of Consolidation (cont'd)

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

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

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

Profit or loss and each component of other comprehensive income are attributed to the parent and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the parent 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 Group.

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 TASs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TAS 39 *Financial Instruments: Accounting and Measurement*, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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 resulting from transactions between one of the Group companies and an affiliate of the Group are eliminated in proportion to the Group's share in the relevant associate or joint venture.

2.2 Change in Accounting Policies

The Group has applied accounting standarts consistently with prior year. Significant changes in accounting policies are applied retrospectively and prior period financial statements are adjusted accordingly.

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.

(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

a) Amendments and interpretations effective as 2021

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

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

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

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

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

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

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

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

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

TFRS 17 *Insurance Contracts*

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

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

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

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

Amendments to TFRS 3 *Reference to the Conceptual Framework*

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

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

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.

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

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

Annual Improvements to TFRS Standards 2018-2020

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

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

Amendments to TFRS 9 *Financial Instruments*

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

Amendments to TAS 41 *Agriculture*

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

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

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

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

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

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

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

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

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 1 *Disclosure of Accounting Policies*

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

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

Amendments to TAS 8 *Definition of Accounting Estimates*

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

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

Amendments to TAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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

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

The possible effect of the standarts, amendments and improvements on the financial position and performance of the Company are being evaluated.

2.5 Summary of Significant Accounting Policies

Related Parties

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

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.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Related Parties (devamı)

(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.

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

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

2.5 Summary of Significant Accounting Policies (cont'd)

Revenue (cont'd)

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.

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.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Property, Plant and Equipment (cont'd)

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.

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.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Intangible Assets (cont'd)

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.

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.

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

2.5 Summary of Significant Accounting Policies (cont'd)

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.

<u>Classification of financial assets</u>

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

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

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)

Financial assets 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).

(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.

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)

(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 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.

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;
- 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. Other exchange differences are recognised in other comprehensive income;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income.

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. 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 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.

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)

The expected credit loss of financial assets is the present value of the difference between the Group's contractually realized cash flows and all the cash flows (all cash deficits) that the Group expects to receive, calculated over the initial effective interest rate (or credit-adjusted effective interest rate for credit-impaired financial assets when purchased or created).

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 directly 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.

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 Company continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.

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

The entity does not reclassify any financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities 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.

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.

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/loss on disposal.

Effect of Exchange Differences

<u>Foreign Currency Transactions and Balances</u>

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.

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 into TL 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.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Effect of Exchange Differences (cont'd)

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

Assets and liabilities of the Group's foreign operations, are presented in TL considering exchange rates valid at the balance sheet 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 capital through "bonus shares" that they distribute to their shareholders from retained earnings. Such "bonus share" distributions are treated as issued shares in earnings per share calculations. Accordingly, the weighted average number of shares used in these calculations has been calculated by taking into account the retrospective effects of the aforementioned share distributions.

Events After the Reporting Period

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

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

Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Group has a present obligation 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.

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 Properties

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 balance sheet date.

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 directly in equity, in which case, the current and deferred tax are also recognized or directly in equity.

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 Turkish Accounting Standard No. 19 (revised) *Employee Benefits* ("TAS 19").

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

2.5 Summary of Significant Accounting Policies (cont'd)

Employee Benefits (cont'd)

Termination and retirement benefits (cont'd):

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.

Provision for seniority incentive bonus

In accordance with the employee benefit named "Seniority Incentive Premiums" provided by the Group 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 45 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 statement of financial position.

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.

2.6 Significant Accounting Judgments, Estimates and Assumptions

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):

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

2.6 Significant Accounting Judgments, Estimates and Assumptions (cont'd)

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

Deferred Tax

The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between the tax base legal financial statements and the financial statements prepared in accordance with TFRS. 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. In light of the evidence obtained, the Group believes that taxable profit will be avaliable 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.

Estimated 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.

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).

(Amounts expressed in Turkish Lira (TL))

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

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 uninterruptedly during the period of curfews.

While preparing the consolidated financial statements as at 31 December 2021, 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 at 31 December 2020, and no impairment has been identified.

3. INTERESTS IN OTHER ENTITIES

Associates

Ünye Çimento, whose shares are traded on the BIST, has been merged with Oyak Çimento Fabrikaları A.Ş. ("Oyak Çimento") as a transfer and the merger transaction was realized on Borsa İstanbul on 21 May 2020.

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

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 revenue of the Group's reportable operating segments is mainly due to cement sales in foreign and domestic markets.

Information on the operating segments based on the Group's internal reporting is as follows:

Accounting Period Ended on 31 December 2021	**Construction and construction materials**	**Energy**	**Consolidation adjustments**	**Total**
Third party sales	2,480,037,014	13,192,018	-	2,493,229,032
Cross-departmental sales	199,587,297	-	(199,587,297)	-
Net sales	**2,679,624,311**	**13,192,018**	**(199,587,297)**	**2,493,229,032**
Cost of sales	(1,991,937,920)	(2,193,215)	199,587,297	(1,794,543,838)
Gross Profit	**687,686,391**	**10,998,803**	**-**	**698,685,194**
Total assets	3,405,111,457	68,124,560	-	3,473,236,017
Total liabilities	1,301,385,982	-	-	1,301,385,982

(Amounts expressed in Turkish Lira (TL))

4. SEGMENT REPORTING (cont'd)

Accounting 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
Cross-departmental 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 sales	(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

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.

Trade receivables from related parties arise mainly from sale transactions of cement and construction supplies of the Company and its subsidiaries.

	31 December 2021	
	Current	
	Trade Receivables	Sales
Çimpaş Çimento İnşaat Mlz. Paz. A.Ş. (1)	17,800	50,470
Nuh Çimento Eğitim ve Sağlık Vakfı (2) (*)		106,269
	17,800	156,739

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

	31 December 2020	
	Current	
	Trade Receivables	Sales
Nuh Çimento Eğitim ve Sağlık Vakfı (2) (*)	12,229	20,542
Çimpaş Çimento İnşaat Mlz. Paz. A.Ş. (1)	61,584	80,310
	73,813	100,852

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

(Amounts expressed in Turkish Lira (TL))

5. RELATED PARTY DISCLOSURES (cont'd)

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. The remuneration of key management personnel during the year were as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Salaries and other short-term benefits	16,162,204	13,317,471

6. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

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

Short-term trade receivables	31 December 2021	31 December 2020
Trade receivables	348,445,779	219,710,141
Notes receivable	167,226,685	174,755,823
Trade receivables from related parties (Note: 5)	17,800	73,813
Discount of notes receivables (-)	(3,092,995)	(1,896,726)
Provision for doubtful receivables (-)	(88,076,488)	(82,705,829)
Trade receivables from third parties	*(83,984,936)*	*(78,753,516)*
Expected credit losses (-) effect of TFRS 9	*(4,091,552)*	*(3,952,313)*
	424,520,781	309,937,222

Long-term trade receivables	31 December 2021	31 December 2020
Notes receivable	9,224,625	-
	9,224,625	-

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 36 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 2020: 35 days).

As of 31 December 2021, trade receivables of TL 88,076,488 (31 December 2020: TL 82,705,829) 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.

(Amounts expressed in Turkish Lira (TL))

6. TRADE RECEIVABLES AND PAYABLES (cont'd)

a) Trade Receivables (cont'd):

Movements on the Group provision for doubtful trade receivables are as follows:

Movement of provision for doubtful trade receivables	1 January - 31 December 2021	1 January - 31 December 2020
Opening balance	82,705,829	80,478,876
Collections or reversal of provision (Note: 21)	(592,050)	(1,655,603)
Charge for the period (Note: 21)	5,823,470	3,111,842
Changes in TFRS 9 charge for the period (Note: 21)	139,239	770,714
Closing balance	88,076,488	82,705,829

As of 31 December 2021, there are no guarantees received from customers for doubtful trade receivables (31 December 2020: None).

The aging of trade receivables are as follows:

	31 December 2021	31 December 2020
Neither past due, nor doubtful receivables	392,829,509	249,088,608
Past due but not impaired receivables	31,691,272	60,848,614
Receivables that are impaired and for which provision is made	88,076,488	82,705,829
	512,597,269	392,643,051

As of 31 December 2021, trade receivables amounting to TL 31,691,272 (31 December 2020: TL 60,848,614) 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 2021	31 December 2020
1 - 3 months	24,051,034	51,101,092
3 - 6 months	1,787,006	6,761,737
6 - 9 months	4,401,221	2,245,102
Over 9 months	1,452,011	740,683
	31,691,272	60,848,614

The Group held guarantee letter amounting to TL 26,611,390 for the trade receivables that are past due and not impaired (31 December 2020: TL 25,585,450).

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 of the Group management.

(Amounts expressed in Turkish Lira (TL))

6. TRADE RECEIVABLES AND PAYABLES (cont'd)

b) Trade Payables:

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

	31 December 2021	31 December 2020
Trade payables	268,528,158	217,641,423
Notes payable	1,460,419	3,588,732
	269,988,577	221,230,155

The average maturity of credit sales of goods is 25 days. (31 December 2020: 35 days).

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

7. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables

Short-term other receivables	31 December 2021	31 December 2020
Other short-term receivables (*)	53,967,078	4,719,407
Due from personnel	1,221,458	953,572
Deposits and quarantees given	1,086,193	284,037
Provision for doubtful receivables (-)	(1,498,878)	(1,310,637)
	54,775,851	4,646,379

(*) The portion amounting to TL 52,228,010 consists of receivables from the tax office.
Provision expenses related to other doubtful receivables are recognized under other expenses.

Long-term other receivables	31 December 2021	31 December 2020
Deposits and quarantees given	2,039,034	1,832,476
	2,039,034	1,832,476

b) Other Payables

Short-term other payables	31 December 2021	31 December 2020
Taxes and dues payable	14,205,111	6,396,031
Deposits and quarantees taken	7,557,470	4,283,060
Other miscellaneous payables	627,152	374,581
	22,389,733	11,053,672

(Amounts expressed in Turkish Lira (TL))

8. OTHER CURRENT AND NON-CURRENT ASSETS

Other current assets	31 December 2021	31 December 2020
Deferred VAT	63,280,143	15,968,089
Personnel advances	333,588	273,515
	63,613,731	16,241,604

Other non-current assets	31 December 2021	31 December 2020
Deductible VAT in future years	4,434,466	3,167,170
	4,434,466	3,167,170

9. INVENTORIES

	31 December 2021	31 December 2020
Raw materials	343,350,965	109,440,985
Work in process	72,419,329	24,073,646
Finished goods	22,941,110	15,979,139
Trade goods	91,001	96,680
Allowance for impairment on inventory (-)	(4,501,054)	(4,501,054)
	434,301,351	145,089,396

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 2020: TL 4,501,054). As of 31 December 2021, the total amount of inventories shown at net realizable value is TL 434,301,351 (31 December 2020: TL 145,089,396).

The movement table of the Group's provision for inventory impairment as of 31 December 2021 is as follows:

Movements of provision for inventory impairment	1 January - 31 December 2021	1 January - 31 December 2020
Opening balance	4,501,054	2,039,998
Charge for the period	-	2,461,056
Closing balance	4,501,054	4,501,054

(Amounts expressed in Turkish Lira (TL))

10. PREPAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses	31 December 2021	31 December 2020
Order advances given for inventory purchase	80,986,792	8,414,714
Prepaid expenses	28,196,604	4,183,659
	109,183,396	12,598,373

Long-term prepaid expenses	31 December 2021	31 December 2020
Order advances given for fixed asset purchase	30,716,175	4,114,313
Prepaid expenses	414,823	118,797
	31,130,998	4,233,110

Short-term deferred income	31 December 2021	31 December 2020
Order advances received	61,355,041	22,023,791
	61,355,041	22,023,791

11. INVESTMENT PROPERTIES

Cost Value	Land	Buildings	Advances given	Total
Opening balance as of 1 January 2021	37,283,679	172,926,690	9,938,073	220,148,442
Disposals	-	(1,500,257)	-	(1,500,257)
Closing balance as of 31 December 2021	37,283,679	171,426,433	9,938,073	218,648,185

Accumulated Depreciation	Land	Buildings	Advances given	Total
Opening balance as of 1 January 2021	-	(21,318,695)	-	(21,318,695)
Charge of the year	-	(3,442,210)	-	(3,442,210)
Closing balance as of 31 December 2021	-	(24,760,905)	-	(24,760,905)
Carrying value as of 31 December 2021	37,283,679	146,665,528	9,938,073	193,887,280

(Amounts expressed in Turkish Lira (TL))

11. INVESTMENT PROPERTIES (cont'd)

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
Disposal	-	(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 Amortization	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)
Closing balance as of 31 December 2020	-	(21,318,695)	-	(21,318,695)
Carrying value as of 31 December 2020	37,283,679	151,607,995	9,938,073	198,829,747

All depreciation expenses are included in expenses from investment activities (31 December 2020: included in expenses from investment activities).

Investment properties 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.

As of 31 December 2021 and 2020, the Group management has determined the fair value of the market, hotel blocks, land and lands included in the investment properties, in line with the decision taken. As of 31 December 2021 and 2020, 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 ACE Gayrimenkul Değerleme ve Danışmanlık A.Ş. The fair value of the owned market and hotel blocks has been determined using the discounted cash flow method. In the valuation study, the capitalization rate is 8% and the nominal discount rate is 21% (31 December 2020: capitalization rate is 9% and nominal discount rate is 12%).

As of 31 December 2021, The Group's rent revenue obtained by investment of real estate properties amounting to TL 39,384,575 (31 December 2020: TL 26,662,401). The Group paid property tax for investment of real estate properties amounting to TL 2,097,446 (31 December 2020: TL 1,986,191) (Note: 24).

(Amounts expressed in Turkish Lira (TL))

11. INVESTMENT PROPERTIES (cont'd)

Details of the Group's investment properties and information about the fair value hierarchy as of 31 December 2021 and 2020 are as follows:

		Fair value as at reporting period		
	31 December 2021	Level 1 TL	Level 2 TL	Level 3 TL
Hotel and Shopping Mall	662,925,000	-	-	662,925,000
Buildings	22,431,998	-	22,431,998	-
Lands	291,880,507	-	291,880,507	-

	31 December 2020	Level 1 TL	Level 2 TL	Level 3 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	-

(Amounts expressed in Turkish Lira (TL))

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Land Improvements	Buildings	Plant, Machinery and Equipment	Motor Vehicles	Furniture and Fixture	Other Tangible Fixed Assets	Leasehold improvements	Construction in progress	Total
Cost Value										
Opening balance as of 1 January 2021	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
Additions	2,771,080	10,049,307	1,141,918	68,274,970	65,505,429	5,786,347	-	61,611	52,789,934	206,380,596
Disposals	-	(902,372)	(11,951)	(6,886,076)	(4,246,519)	(264,454)	-	(714,619)	(2,100)	(13,028,091)
Transfers	-	683,488	1,402,719	22,600,373	427,876	-	-	384,059	(25,498,515)	-
Closing balance as of 31 December 2021	63,445,429	133,842,416	184,896,082	1,127,812,647	170,405,748	63,410,326	498,334	13,244,999	29,883,376	1,787,439,357
Accumulated Depreciation										
Opening balance as of 1 January 2021	-	(67,490,427)	(96,999,123)	(615,479,051)	(78,295,111)	(47,283,643)	(498,334)	(5,846,868)	-	(911,892,557)
Charge of the year	-	(7,281,439)	(4,124,975)	(54,519,605)	(13,123,643)	(3,155,232)	-	(1,909,778)	-	(84,114,673)
Disposals	-	865,634	8,510	6,833,717	4,109,522	236,117	-	571,444	-	12,624,945
Closing balance as of 31 December 2021	-	(73,906,232)	(101,115,588)	(663,164,939)	(87,309,232)	(50,202,758)	(498,334)	(7,185,202)	-	(983,382,285)
Carrying value as of 31 December 2021	63,445,429	59,936,184	83,780,494	464,647,708	83,096,516	13,207,568	-	6,059,797	29,883,376	804,057,072

(Amounts expressed in Turkish Lira (TL))

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

	Land	Land Improvements	Buildings	Plant, Machinery and Equipment	Motor Vehicles	Furniture and Fixture	Other Tangible Fixed Assets	Leasehold improvements	Construction in progress	Total
Cost Value										
Opening 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)
Non-current 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										
Opening 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

(Amounts expressed in Turkish Lira (TL))

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

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

	Useful lifes
Land improvements	15-50 years
Buildings	25-50 years
Plant, machinery and equipment	5-25 years
Motor vehicles	4-15 years
Furniture and fixture	3-25 years
Other tangible fixed assets	3-10 years
Leasehold improvements	5-10 years

Depreciation expense of TL 80,232,841 (31 December 2020: TL 73,871,785) has been charged in cost of goods sold, TL 134,929 (31 December 2020: TL 76,256) in marketing expenses, and TL 3,746,903 (31 December 2020: TL 2,108,485) in general administrative expenses.

As of 31 December 2021, insurance coverage of the Group's assets is TL 8,271,412,630 (31 December 2020: TL 4,714,270,476).

Mortgages Given

As of 31 December 2021 and 2020, the Group has no pledge/mortgage positions.

13. INTANGIBLE ASSETS

Cost Value	Rights	Other intangible assets	Total
Opening balance as of 1 January 2021	43,232,610	212,155	43,444,765
Additions	883,112	-	883,112
Closing balance as of 31 December 2021	44,115,722	212,155	44,327,877
Accumulated Amortization			
Opening balance as of 1 January 2021	(17,087,029)	(187,015)	(17,274,044)
Charge of the year	(1,445,171)	(493)	(1,445,664)
Closing balance as of 31 December 2021	(18,532,200)	(187,508)	(18,719,708)
Carrying value as of 31 December 2021	25,583,522	24,647	25,608,169

Cost Value	Rights	Other intangible assets	Total
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)
Transfers	114,897	-	114,897
Closing balance as of 31 December 2020	43,232,610 -	212,155	43,444,765
Accumulated Amortization			
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

(Amounts expressed in Turkish Lira (TL))

13. INTANGIBLE ASSETS (cont'd)

Amortization expense of TL 1,378,948 (31 December 2020: TL 1,331,826) has been charged in cost of goods sold, TL 2,319 (31 December 2020: TL 1,374) in marketing and sales expenses, and TL 64,397 (31 December 2020: TL 38,013) in general administrative expenses.

The useful lives for intangible assets are as follows:

	Useful lifes
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:

Cost Value	Land	Port area and pier usage	Vehicles	Buildings	Total
Opening balance as of 1 January 2021	17,700	22,207,045	4,104,725	593,666	26,923,136
Additions regarding operational leases	-	815,680	875,284	512,830	2,203,794
Closing balance as of 31 December 2021	17,700	23,022,725	4,980,009	1,106,496	29,126,930

Accumulated Amortization	Land	Port area and pier usage	Vehicles	Buildings	Total
Opening balance as of 1 January 2021	(17,700)	(3,116,609)	(1,179,804)	(160,027)	(4,474,140)
Amortization for the period	-	(1,552,555)	(682,926)	(306,055)	(2,541,536)
Closing balance as of 31 December 2021	(17,700)	(4,669,164)	(1,862,730)	(466,082)	(7,015,676)
Carrying value as of 31 December 2021	-	18,353,561	3,117,279	640,414	22,111,254

Cost Value	Land	Port area and pier usage	Vehicles	Buildings	Total
Opening balance as of 1 January 2020	17,700	20,851,020	4,104,725	593,666	25,567,111
Additions regarding operational leases	-	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

Accumulated Amortization	Land	Port area and pier usage	Vehicles	Buildings	Total
Opening balance as of 1 January 2020	(17,700)	(1,377,870)	(893,036)	(117,512)	(2,406,118)
Amortization for the period	-	(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

(Amounts expressed in Turkish Lira (TL))

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

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

	31 December 2021	31 December 2020
Amortization of assets to operating lease (Note: 21)	(2,541,536)	(2,068,022)
Interest expense from lease transactions (Note: 25)	(4,196,901)	(3,410,129)
Currency difference expenses from lease transactions (Note: 25)	(92,504)	(120,575)

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

Cost value	31 December 2021	31 December 2020
Cost value at the beginning of the period	24,910,842	24,910,842
Closing value	24,910,842	24,910,842
Accumulated impairment		
Balance at the beginning of the period	(7,562,568)	(7,562,568)
Closing balance	(7,562,568)	(7,562,568)
Carrying amount		
Beginning of the Period	17,348,274	17,348,274
End of the Period	17,348,274	17,348,274

As of 31 December 2021 and 2020, no impairment has been determined for the goodwill accounted for within the scope of the purchase of Kudret Enerji shares, according to the valuations made by independent valuation experts using the discounted cash flow method.

In accordance with the valuations performed by the independent valuation specialists using the discounted cash flows method as of 31 December 2021, the Group was identified USD 15 million (31 December 2020: USD 17 million) net equity value. The USD-based weighted average cost of capital was calculated as 11.69% for 2021 and after (31 December 2020: 10.84%) 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 33,000 kWh (31 December 2020: 36,000 kWh).

(Amounts expressed in Turkish Lira (TL))

16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

Short-term other provisions	31 December 2021	31 December 2020
Legal claims and termination provisions	19,939,383	20,194,994
	19,939,383	20,194,994

As of 31 December 2021, TL 21,811,293 for open lawsuits and proceeded against the Company and its subsidiaries (31 December 2020: TL 20,194,994). Lawsuits against the Group generally consist of employee lawsuits.

As of 31 December 2021, total litigation provision amounted to TL 19,939,383 is recognized for the ongoing lawsuits filed against the Parent Company and subsidiaries in the accompanying consolidated financial statements as a result of the evaluation made by the Group management (31 December 2020: TL 20,194,994). The Company management don’t expect any cash outflow regarding rest of the cases.

As of 31 December 2021 and 2020, movements of provision for legal claims and termination provisions are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Opening balance	20,194,994	15,798,222
Payments and provisions released	(1,023,518)	(7,175,784)
Provisions for the period (Note: 21)	767,907	11,572,556
Closing balance	19,939,383	20,194,994

Long-term other provisions	31 December 2021	31 December 2020
Land restoration provision	6,967,474	4,645,336
	6,967,474	4,645,336

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 2021. 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 6,967,474 (31 December 2020: TL 4,645,336) 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 2021, 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.

(Amounts expressed in Turkish Lira (TL))

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

a) Provisions (cont'd)

As of 31 December 2021 and 2020, movements for land restoration are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Opening balance	4,645,336	6,554,608
Charge for the period	2,322,138	(1,909,272)
Closing balance	6,967,474	4,645,336

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

b) Contingent Assets and Liabilities

As of 31 December 2021, total amount of checks and notes endorsed to third parties is TL 3,325,353 (31 December 2020: TL 4,558,304).

(Amounts expressed in Turkish Lira (TL))

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

b) Contingent Assets and Liabilities (cont'd)

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

31 December 2021	TL Equivalent	TL	US Dollars	Euro
A. Total amount of the GPM's given for its own legal entity				
-Guarantee	23,380,590	21,433,965	150,000	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. GPM's given on behalf of fully consolidated companies				
-Guarantee	15,575,425	12,404,048	-	216,000
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
C. GPM's are given on behalf of the third parties' debt for continuation of their economic activities				
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
D. Total amount of other GPM's				
i. Given on behalf of majority shareholder				
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C				
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
iii. Given on behalf of third parties which are not in the scope of C				
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
Total	38,956,015	33,838,013	150,000	216,000

As of 31 December 2021, the rate of total amount of other "GPM"s to total equity of the Group is 2%.

(Amounts expressed in Turkish Lira (TL))

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

b) Contingent Assets and Liabilities (cont'd)

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	-	-	-	-
	-Mortgage	-	-	-	-
B. GPM's given on behalf of fully consolidated companies					
	-Guarantee	11,350,933	9,405,227	-	216,000
	-Pledge	-	-	-	-
	-Mortgage	-	-	-	-
C. GPM's are given on behalf of the third parties' debt for continuation of their economic activities					
	-Guarantee	-	-	-	-
	-Pledge	-	-	-	-
	-Mortgage	-	-	-	-
D. Total amount of other GPM's					
i. Given on behalf of majority shareholder					
	-Guarantee	-	-	-	-
	-Pledge	-	-	-	-
	-Mortgage	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C					
	-Guarantee	-	-	-	-
	-Pledge	-	-	-	-
	-Mortgage	-	-	-	-
iii. Given on behalf of third parties which are not in the scope of C					
	-Guarantee	-	-	-	-
	-Pledge	-	-	-	-
	-Mortgage	-	-	-	-
Total		34,109,585	31,062,804	150,000	216,000

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

(Amounts expressed in Turkish Lira (TL))

17. EMPLOYEE BENEFITS

Payables related to employee benefits

	31 December 2021	31 December 2020
Social security premiums payable	5,027,630	4,296,227
Due to personnel	4,500,298	3,870,735
	9,527,928	8,166,962

Short-term provision for employee benefits

	31 December 2021	31 December 2020
Provision for seniority incentive bonus	1,333,757	656,145
Unused vacation pay liability	4,530,826	3,489,427
	5,864,583	4,145,572

As of 31 December 2021 and 2020, movements of unused vacation is as follows:

	1 January-31 December 2021	1 January-31 December 2020
Opening balance	3,489,427	4,028,147
Charge for the period	1,041,399	(538,720)
Closing balance	4,530,826	3,489,427

Long-term provision for employee benefits

	31 December 2021	31 December 2020
Provision for employee termination benefits	58,553,981	41,918,160
Provision for seniority incentive bonus	9,719,855	9,172,826
	68,273,836	51,090,986

(Amounts expressed in Turkish Lira (TL))

17. EMPLOYEE BENEFITS (cont'd)

Long-term provision for employee benefits (cont'd)

Seniority incentive bonus:

Some subsidiaries of the Group pays additional employee benefits to their employees above certain seniority limits as "Seniority İncentive 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 45 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 2021 and 2020, movements of seniority incentive bonus is as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Opening balance	9,828,971	11,694,866
Provisions for the period	2,088,529	(1,444,127)
Payments	(863,888)	(421,768)
Closing balance	11,053,612	9,828,971

Provision for 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 8,284.51 for each period of service as of 31 December 2021 (31 December 2020: TL 7,117.17).

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 *Employee Benefits* stipulates the development of 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:

(Amounts expressed in Turkish Lira (TL))

17. EMPLOYEE BENEFITS (cont'd)

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

Provision for 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 of 31 December 2021, 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 4.45% real discount rate (31 December 2020: 4.01%) calculated by using 16.8% annual inflation rate and 22.00% discount rate. Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration as 5.72% for employees with 0-15 years of service, and 0% for those with 15 or more years of service (31 December 2020: 7.35% for 0-15 years; 0% for 15 and more years). Ceiling amount of TL 10,848.59 which is in effect since 1 January 2022 is used in the calculation of Group's provision for retirement pay liability (1 January 2021: TL 7,638.96).

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 4,925,786 / TL (3,372,200).

- 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 719,714 / TL (516,460).

	1 January- 31 December 2021	1 January- 31 December 2020
Opening balance	41,918,160	35,490,246
Service cost	18,288,242	8,690,320
Interest cost	1,680,590	1,293,788
Termination benefits paid	(3,333,010)	(3,556,194)
Closing balance	58,553,982	41,918,160

18. OTHER LIABILITIES

Other short term liabilities	31 December 2021	31 December 2020
Expense accruals	279,367	4,177,118
Other liabilities	17,060	58,165
	296,427	4,235,283

(Amounts expressed in Turkish Lira (TL))

19. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Share Capital

As of 31 December 2021 and 2020, the share capital held of the Company is as follows:

Shareholders	Share rate (%)	31 December 2021	Share rate (%)	31 December 2020
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.	16.32	24,515,195	16.41	24,643,128
Other (*)	36.55	59,414,541	36.46	59,286,608
		150,213,600		150,213,600
Capital inflation diffrences (**)		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.

b) Restricted Reserves Appropriated from Profit

	31 December 2021	31 December 2020
Legal reserves	467,909,963	339,342,867
	467,909,963	339,342,867

According to Turkish Commercial Code, the Company reserves 5% of the historical statutory profit as first legal reserve, until the total reserve reaches 20% of the historical paid in share capital. The other legal reserve is appropriated at the rate of 10% per annum of all cash dividend distributions after the payment of dividends to the shareholders at a rate of 5%. According to 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.

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

b) Restricted Reserves Appropriated from Profit (cont'd)

Dividend Distribution:

Listed companies distribute dividends according to the Communique 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.

The Company's weighted average of shares did not change compared to the previous year, and earnings per share were realized as TL 4.28 (31 December 2020: TL 3.80).

Since March 2021, the Group has paid dividend to shareholders amounting to TL 225,320,400 (May 2020: TL 105,149,520) TL 1.50 per share (May 2020: 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 646,074,071 including the retained earnings amounting to TL 156,418,759 and the net profit for the period amounting to TL 489,655,942.

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 2021 and 2020 foreign currency translation differences are related to the Company's share in the foreign currency translation differences of the associates accounted under equity method.

(Amounts expressed in Turkish Lira (TL))

20. REVENUE AND COST OF SALES

	1 January - 31 December 2021	1 January - 31 December 2020
Foreign sales	1,557,705,462	1,104,587,377
Domestic sales	965,895,352	610,386,397
Domestic energy sales	13,192,018	15,660,643
Other sales	2,473,229	4,125,596
Sale returns (-)	(343,728)	(53,746)
Sale discounts (-)	(45,693,301)	(28,369,181)
Total Revenue	2,493,229,032	1,706,337,086

	1 January- 31 December 2021	1 January- 31 December 2020
Cost of goods sold	(1,618,817,608)	(992,435,499)
Cost of merchandise sold	(34,506,775)	(35,316,921)
Cost of service provided	(57,710,071)	(35,687,004)
Amortization and depreciation expenses (Note: 12 and 13)	(81,611,789)	(75,203,611)
Other sales expenses	(1,897,595)	(2,099,367)
	(1,794,543,838)	(1,140,742,402)

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

	1 January- 31 December 2021	1 January- 31 December 2020
General administrative expenses	(141,092,155)	(107,059,998)
Marketing expenses	(76,476,667)	(61,747,880)
Research and development expenses	(15,691)	(7,062)
	(217,584,513)	(168,814,940)

(Amounts expressed in Turkish Lira (TL))

21. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (cont'd)

a) Details of General Administrative Expenses

	1 January- 31 December 2021	1 January- 31 December 2020
Personnel expenses	(69,086,016)	(44,978,971)
Outsourced benefits	(16,351,173)	(10,227,252)
Premium expenses	(13,440,372)	(7,117,191)
Taxes, duties and fees	(12,386,315)	(10,585,846)
Depreciation and amortization expenses (Note: 12 ve 13)	(3,811,300)	(2,146,498)
Rent expenses	(3,182,998)	(2,871,068)
Amortization expenses on right-of-use assets (Note: 14)	(2,541,536)	(2,068,022)
Steam expenses	(2,346,985)	(1,060,738)
Maintenance and repairment expenses	(1,657,952)	(1,639,494)
Office expenses	(1,107,425)	(950,006)
Insurance expenses	(782,882)	(741,261)
Doubtful trade receivables expenses (Note: 6)	(5,370,659)	(2,226,953)
Electricity expenses	(324,208)	(247,296)
Fuel expenses	(108,231)	(91,607)
Changes in litigation provision (Note: 15)	(767,907)	(11,572,556)
Other expenses	(7,826,196)	(8,535,239)
	(141,092,155)	(107,059,998)

b) Details of Marketing Expenses

	1 January- 31 December 2021	1 January- 31 December 2020
Exportation expenses	(51,927,310)	(41,909,756)
Personnel expenses	(13,787,593)	(11,371,337)
Premium expenses	(2,863,115)	(2,033,713)
Outsourced benefits	(2,861,659)	(2,051,108)
Rent expenses	(635,263)	(468,369)
Taxes, duties and fees	(631,852)	(334,471)
Maintenance and repairment expenses	(621,862)	(502,604)
Transportation expenses	(350,473)	(293,397)
Depreciation and amortization expenses (Note: 12 ve 13)	(137,248)	(77,631)
Other expenses	(2,660,292)	(2,705,494)
	(76,476,667)	(61,747,880)

(Amounts expressed in Turkish Lira (TL))

22. EXPENSES BY NATURE

	1 January- 31 December 2021	1 January- 31 December 2020
Cost of goods sold	(1,618,817,608)	(1,005,696,918)
Cost of merchandise sold	(34,506,775)	(35,316,921)
Service cost provided	(57,710,071)	(35,687,004)
Depreciation and amortization expenses (Note: 12, 13)	(85,560,337)	(77,427,740)
Personnel expenses	(82,873,609)	(53,176,417)
Exportation expenses	(51,927,310)	(41,909,756)
Outsourced benefits	(19,212,832)	(11,908,917)
Taxes, duties and fees	(13,018,167)	(10,860,072)
Premium expenses	(16,303,487)	(8,784,595)
Changes in litigation provision (Note: 15)	(767,907)	(11,572,556)
Amortization expenses on right-of-use assets (Note: 14)	(2,541,536)	(2,068,022)
Steam expenses	(2,346,985)	(1,060,738)
Maintenance and repairment expenses	(2,279,814)	(2,051,570)
Rent expenses	(3,818,261)	(3,255,075)
Doubtful trade receivable expenses (Note: 6)	(5,370,659)	(2,226,953)
Office expenses	(1,107,425)	(950,006)
Insurance expenses	(782,882)	(741,261)
Transportation expenses	(350,473)	(240,550)
Electricity expenses	(324,208)	(247,296)
Fuel expenses	(108,231)	(91,607)
Other expenses	(12,399,774)	(4,283,368)
	(2,012,128,351)	(1,309,557,342)

Fees for services received from an independent audit firm

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

	1 January- 31 December 2021	1 January- 31 December 2020
Independent audit fee for the reporting period	420,000	325,000
Fee for other assurance services	-	35,500
	420,000	360,500

(Amounts expressed in Turkish Lira (TL))

23. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

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

	1 January - 31 December 2021	1 January - 31 December 2020
FX gains from trade receivables and payables	88,777,749	12,372,566
Scrap sales income	6,594,112	3,308,381
Insurance income	3,171,295	2,436,834
Interest income	471,337	2,108,975
Compensation and fine income	11,750	2,326,999
Other income	11,002,648	199,511
	110,028,891	22,753,266

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

	1 January - 31 December 2021	1 January- 31 December 2020
FX losses from trade receivables and payables	(33,891,371)	(11,142,165)
Donations and grants (*)	(11,089,974)	(8,733,522)
Accident and damage expenses	(6,152,064)	(2,001,182)
Rediscount expenses	(1,667,606)	(1,639,626)
Other expenses	(2,084,185)	(1,958,120)
	(54,885,200)	(25,474,615)

(*) 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.

(Amounts expressed in Turkish Lira (TL))

24. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

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

	1 January- 31 December 2021	1 January- 31 December 2020
Rent income (*)	39,384,575	26,662,401
Profit on sales of property, plant and equipment and intangible assets	4,894,865	3,881,698
Profit on sale of non-current assets held for sale (****)	-	22,805,823
Profit on sale of investment property	528,369	2,562,194
Translation differences on investments accounted for using the equity method (***)	-	2,912,400
Fair value income on investments accounted for using the equity method (**)	-	198,790,614
Joint venture sales profit	-	29,390
Other	1,975,466	-
	46,783,275	257,644,520

(*) 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.
(****) Doğalgaz Kombim Çevrim Enerji Santrali classified for sale was sold on 25 December 2020 for a price of TL 44,296,021.

The details of expense from investing activities for the years ended 31 December 2021 and 2020 are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Depreciation expenses from investment property (Note: 11)	(3,442,210)	(3,187,545)
Real estate tax for investment property	(2,097,446)	(1,986,191)
	(5,539,656)	(5,173,736)

(Amounts expressed in Turkish Lira (TL))

25. FINANCE INCOME AND EXPENSES

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

	1 January - 31 December 2021	1 January- 31 December 2020
Foreign exchange gains	240,760,239	130,164,974
Interest income	23,185,474	20,258,096
Income from financial investments	-	389,638
	263,945,713	150,812,708

The details of expense from finance activities for the years ended 31 December 2021 and 2020 are as follows:

	1 January - 31 December 2021	1 January- 31 December 2020
Foreign exchange losses	(167,003,024)	(96,370,250)
Interest expenses	(22,088,293)	(31,546,861)
Interest expense of lease liabilities (Note: 14)	(4,196,901)	(3,410,129)
Exchange losses of lease liabilities (Note: 14)	(92,504)	(120,575)
Expense from derivative instruments (Note: 29)	-	(1,113,895)
	(193,380,722)	(132,561,710)

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 2021 are given below:

Doğalgaz Kombim Çevrim Enerji Santrali, classified for sale, was sold on 25 December 2020 for a price of TL 44,296,021.

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

Corporate Tax

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

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

Corporate Tax (cont'd)

In Turkey, the orporate tax rate is 20%. However, within the scope of the Law No. 7316 on the "Law on the Collection of Public Claims and Amendments to Some Laws" published in the Official Gazette dated 22 April 2021, this rate will be applied as 25% for the corporate earnings of the corporations for the 2021 taxation period, and as 23% for the corporate earnings of the 2022 taxation period (31 December 2020 22%), starting from the declarations that must be submitted as of 1 July 2021.

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 25% 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 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 2021, 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:

<u>Investment Incentives</u>

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.

(Amounts expressed in Turkish Lira (TL))

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.

Current tax liability	31 December 2021	31 December 2020
Current corporate tax provision	143,338,567	95,722,640
Less: prepaid taxes and funds	(97,537,431)	(75,288,089)
	45,801,136	20,434,551

As of 31 December 2021 and 2020, the distribution of consolidated tax expense is as follows:

	31 December 2021	31 December 2020
Corporate tax (-)	(143,338,567)	(95,722,640)
Deferred tax income / (expense)	154,113,610	(4,352,547)
Adjustments made with respect to prior period taxes	-	5,506,888
Tax expenses incurred within the scope of tax incentives	(16,396,263)	-
	(5,621,220)	(94,568,299)

Tax recognized directly in equity

	1 January - 31 December 2021		
	Before tax amount	Tax expense/ income	Net of tax amount
Portion of other comprehensive income from investments valued by equity method	(46,470,767)	2,323,788	(44,146,979)
Changes in foreign currency translation differences	-	-	-
Actuarial gain from retirement plans	-	-	-
Gain from Investments in Financial Instruments based on Equity	*(46,470,767)*	*2,323,788*	*(44,146,979)*
Other comprehensive income for the period	(46,470,767)	2,323,788	(44,146,979)

(Amounts expressed in Turkish Lira (TL))

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

Tax recognized directly in equity (cont'd)

	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
Changes in foreign currency translation differences	(2,679,228)	-	*(2,679,228)*
Actuarial gain from retirement plans	*(364,493)*	*72,899*	*(291,595)*
Gain from Investments in Financial Instruments based on Equity	*151,041,234*	*(7,552,311)*	*143,488,923*
Other comprehensive income for the period	(3,043,721)	72,899	140,518,100

Deferred Tax:

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

The tax rate used in the calculation of deferred tax assets and liabilities is 23% over the temporary timing differences expected to reverse in 2022 (2020: 22%), and 20% over the temporary timing differences expected to reverse after 2022 (2020: 22%).

(Amounts expressed in Turkish Lira (TL))

27. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (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. Deferred tax assets, liabilities, income and expenses and temporary differences that form the basis of deferred tax calculations are as follows:

	31 December 2021	31 December 2020
Temporary diffrences from property, plant and equipment and intangible assets (*)	122,505,344	(27,609,311)
Provision for employment termination benefits	11,710,796	8,383,632
Seniority incentive bonus	2,250,735	1,965,794
Unused vacation liability	1,001,665	697,885
Provision for land restoration provision	1,393,495	929,067
Provision for doubtful receivables (including TFRS 9 impact)	7,236,325	5,728,402
Provision for legal claims	4,190,108	4,038,999
Temporary diffrences from inventories	1,168,154	900,211
Impairment for subsidiaries	-	486,752
Temporary diffrences from derivative instruments	-	(221,578)
Expected credit losses from demand and time deposits - TFRS 9	209,883	330,305
Borrowings from right-of-use assets and lease transactions	575,412	790,463
Temporary diffrences from investment property	1,010,189	1,079,252
Financial asset value increases	(10,636,040)	(12,959,828)
Other	(1,918,291)	(279,668)
	140,697,775	(15,739,623)
Deferred tax assets	186,196,931	14,828,161
Deferred tax liabilities	(45,499,156)	(30,567,784)
Deferred tax liabilities, net	140,697,775	(15,739,623)

(*) The Company revalued its immovables and other property, plant and equipment subject to depreciation in its financial statements prepared in accordance with the Tax Procedure Law (TPL), and as a result of this transaction, a value increase fund amounting to TL 819,813,226 was recognized. This transaction has been corrected in the financial statements prepared in accordance with Turkish Financial Reporting Standards (TFRS), and as a result, deferred tax assets amounting to TL 155,645,348 have been recognized.

(Amounts expressed in Turkish Lira (TL))

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 2021 is as follows:

Movement of deferred tax liabilities:	1 January- 31 December 2021	1 January- 31 December 2020
Opening balance as of 1 January	(15,739,623)	(3,834,765)
Charged to statement of income	154,113,610	(4,352,547)
Charged to equity	2,323,788	(7,552,311)
Closing balance	140,697,775	(15,739,623)

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

Income tax reconcilation:	1 January- 31 December 2021	1 January- 31 December 2020
Income before tax from operating activities	648,052,982	664,817,708
Effective income tax rate	25%	22%
Expected taxation expenses	(162,013,246)	(146,259,896)
Tax effect of:		
- Undeductible expenses	(11,798,189)	(4,788,656)
- Withholding tax on dividends	-	-
- Discount and donations	6,023,933	2,248,364
- Reduced tax effect within the scope of the incentive	10,449,302	-
- 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
- Translation difference effect	-	640,728
- Adjustment related to prior period's tax	-	5,506,888
- Tax expenses incurred within the scope of tax incentives	16,396,263	-
- Effects of tax rate change on deferred tax amount	-	4,173,279
- Effect of inflation valuation on tax records of property, plant and equipment	155,622,598	-
- Tax effect of other adjustments	(20,301,881)	5,598,636
Tax provision expense recognised in profit or loss	(5,621,220)	(94,568,299)

(Amounts expressed in Turkish Lira (TL))

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 capital by distributing shares ("Bonus Shares") from accumulated profits and reassessment funds to current shareholders based on the number of shareholders' shares. When calculating earnings per share, the issuance of bonus shares is considered to be the same as shares issued. Therefore, the weighted average number of shares, which is used when calculating the earning per share, is gained by retrospectively counting the issuance of bonus shares.

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 2021	1 January- 31 December 2020
Profit for the period	642,431,762	570,249,409
Weighted average number of ordinary shares	150,213,600	150,213,600
(TL 1 nominal value per share earnings per share)	4.28	3.80

29. FINANCIAL INSTRUMENTS

Financial Investments

	Short-term		Long-term	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Financial assets at fair value through profit or loss				
a) Eurobonds	-	-	111,589,096	124,223,091
b) Non-listed company shares	-	-	136,205	136,205
Financial assets at fair value through other comprehensive income				
b) Listed company shares	-	-	417,225,599	463,701,362
Financial assets at amortized cost				
d) Term deposits with a maturity of more than 3 months	7,767,675	4,306,566	-	-
	7,767,675	4,306,566	528,950,900	588,060,658

a) Eurobonds:

	31 December 2021			
	Nominal Value	Carrying Value	Change	Profit / (Loss)
Eurobonds	115,850,257	111,589,096	(4,261,161)	930,026
	115,850,257	111,589,096	(4,261,161)	930,026

	31 December 2020			
	Nominal Value	Carrying Value	Change	Profit / (Loss)
Eurobonds	123,293,065	124,223,091	930,026	930,026
	123,293,065	124,223,091	930,026	930,026

As of 31 December 2021, 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.

(Amounts expressed in Turkish Lira (TL))

29. FINANCIAL INSTRUMENTS (cont'd)

Financial Liabilities (cont'd)

b) Non-listed company shares:

Associates	Participation rate (%)	31 December 2021	Participation rate (%)	31 December 2020
Cementos Esfera S.A.	10	2,433,760	10	2,433,760
Çimpaş Çimento ve İnşaat Mlz. Paz. A.Ş. (*)	12.07	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
		2,569,965		2,569,965
Impairment provision - Cementos Esfera S.A.		(2,433,760)		(2,433,760)
		136,205		136,205

(*) As of 31 December 2021 and 31 December 2020, 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 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 consolidated statement of financial position.

c) Listed company shares:

Shares	31 December 2021	31 December 2020
Oyak Çimento Fabrikaları A.Ş. (*)	417,225,599	463,701,362
	417,225,599	463,701,362

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

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 1.00% amounting to USD 568,549, equivalent to TL 7,767,675. Related amount is shown under short-term financial investments (31 December 2020: TL 4,306,566).

(Amounts expressed in Turkish Lira (TL))

29. FINANCIAL INSTRUMENTS (cont'd)

Financial Liabilities

	31 December 2021	31 December 2020
Short-term bank borrowings	248,000,000	155,513,285
Short-term portions of long-term borrowings	159,639,079	26,942,843
Short-term portions of long-term lease liabilities	1,943,928	4,169,226
Total short-term borrowings	409,583,007	186,625,354
Long-term bank borrowings	312,655,357	115,529,000
Long-term lease liabilities	23,044,387	18,558,230
Total financial borrowings	745,282,751	320,712,584

As of 31 December 2021 and 2020, details of the short and long-term borrowings which are Group used are stated below:

		31 December 2021	
Currency	Interest Rate (%)	Current	Non-Current
Euro	2.65	147,347,179	-
USD	2.75 - 2.85	859,294	194,662,500
TL	8.50 - 15.50	259,432,606	117,992,857
		407,639,079	312,655,357

		31 December 2020	
Currency	Interest Rate (%)	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
		182,456,128	115,529,000

Maturity of borrowings are stated below:

	31 December 2021			31 December 2020		
	Bank Borrowings	Lease Liabilities	Total Borrowings	Bank Borrowings	Lease Liabilities	Total Borrowings
To be paid within 1 year	400,181,936	1,943,928	402,125,864	182,456,128	4,169,226	186,625,354
To be paid between 1-2 years	294,662,500	1,871,949	296,534,449	90,079,000	375,817	90,454,817
To be paid between 2-3 years	-	2,092,201	2,092,201	-	443,050	443,050
To be paid between 3-4 years	25,450,000	1,060,668	26,510,668	-	522,312	522,312
To be paid between 4-5 years	-	1,153,416	1,153,416	25,450,000	615,754	26,065,754
To be paid between 5+ years	-	16,866,153	16,866,153	-	16,601,297	16,601,297
	720,294,436	24,988,315	745,282,751	297,985,128	22,727,456	320,712,584

(Amounts expressed in Turkish Lira (TL))

29. FINANCIAL INSTRUMENTS (cont'd)

Financial Liabilities (cont'd)

The reconciliation of liabilities arising from financing activities and leasing transactions is as follows:

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.

			Non-cash changes			
	1 January 2021	Financing cash-flows	Interest accrual adjustment	Foreign currency movement	New lease liabilities	31 December 2021
Bank loans	297,985,128	303,283,425	5,358,936	113,666,947	-	720,294,436
Lease liabilities	22,727,456	(4,139,836)	4,196,901	-	2,203,794	24,988,315
	320,712,584	299,143,589	9,555,837	113,666,947	2,203,794	745,282,751

				Non-cash changes		
	1 January 2020	Financing cash-flows	Interest accrual adjustment	Foreign currency movement	New lease liabilities	31 December 2020
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
	354,975,470	(73,770,129)	4,872,518	33,278,700	1,356,025	320,712,584

Derivative Transactions

Currency derivative transactions:

	31 December 2021		31 December 2020	
	Assets	Liabilities	Assets	Liabilities
Foreign currency forward contracts	-	-	1,107,891	-
Short-term	-	-	1,107,891	-
Long-term	-	-	-	-
	-	-	1,107,891	-

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.

(Amounts expressed in Turkish Lira (TL))

29. FINANCIAL INSTRUMENTS (cont'd)

Derivative Transactions (cont'd)

As of 31 December 2021, the Group does not have a cross exchange contract (31 December 2020: Market value is estimated to be approximately TL 21,786,375, profit is TL 1,113,895).

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

The Group tries to ensure continuance of its operations in the capital management on one hand and maximize its profit through the optimization of the debt and equity balance on the other hand.

The capital structure of the Group consists of debt, which includes the borrowings, cash and cash equivalents, comprising issued capital, reserves and equity items including the previous year earnings as specified in Note 29.

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 financial position.

During 2021, the Group's strategy, which was unchanged from 2020, 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 2021 and 2020 were as follows:

	31 December 2021	31 December 2020
Financial Liabilities (Note: 29)	745,282,751	320,712,584
Less: Cash and Cash Equivalents and Short-Term Financial Investments (Note: 34)	(561,651,947)	(468,774,772)
Net Debt	183,630,804	(148,062,188)
Total Equity	2,171,850,035	1,798,885,652
Total Capital	2,355,480,839	1,650,823,464
Gearing Ratio	8%	%0

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

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 updated and the aggregate value of transactions with related parties 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.

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.

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)

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 of 31 December 2021, the maximum risks that the Group may be exposed to as a result of the failure of the counterparties to fulfill their obligations arise from the following factors:

- 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

(Amounts expressed in Turkish Lira (TL))

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 risk exposure based on financial instrument categories	Receivables						
	Trade Receivables		Other Receivables				
31 December 2021	Related Party	Third Party	Related Party	Third Party	Checks with a maturity of less than three months	Financial Investments	Bank Deposits
Minimum credit risk exposure at the balance sheet date (*)	17,800	433,727,606	-	56,814,885	96,588,895	536,718,575	465,034,475
- Secured portion of minimum credit risk via guarantee or etc. (**)	-	321,816,589	-	-	-	-	-
A. Net book value of not due or not impaired financial assets	17,800	402,036,334	-	56,814,885	96,588,895	536,718,575	465,034,475
B. Net book value of assets that are due but not impaired	-	31,691,272	-	-	-	-	-
- Overdue (gross book value)	-	31,691,272	-	-	-	-	-
- Secured net value via guarantee or etc.	-	26,611,390	-	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-	-
- Overdue (gross book value)	-	83,984,936	-	1,498,878	-	-	-
- Impairment (-)	-	(83,984,936)	-	(1,498,878)	-	-	-
- 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.

(Amounts expressed in Turkish Lira (TL))

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 risk exposure based on financial instrument categories	Receivables						
	Trade Receivables		Other Receivables				
31 December 2020	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Checks with a maturity of less than three months**	**Financial Investments**	**Bank Deposits**
Minimum credit risk exposure at the balance sheet date (*)	73,813	309,863,409	-	6,478,855	1,860,457	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	1,860,457	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.

(Amounts expressed in Turkish Lira (TL))

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 seeks to mitigate credit risk by conducting transactions only with creditworthy parties and, where possible, by obtaining adequate collateral. The credit risks that the Group is exposed to and the credit ratings of its customers are constantly monitored. Credit risk is controlled through limits set for customers and reviewed and approved annually by senior management.

Trade receivables cover a large number of customers in the construction industry and geographically dispersed. Credit assessments are made on the customers' trade receivable balances, and receivables are insured when deemed necessary.

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

	Trade Receivables	
	31 December 2021	31 December 2020
Until 1-90 days	24,051,034	51,101,092
Until 3-6 months	1,787,006	6,761,737
Until 6-9 months	4,401,221	2,245,102
Until 9-12 months	880,942	449,376
More than 1 year past due	571,069	291,307
Total overdue receivables	31,691,272	60,848,614
Secure portion with guarantee letter	(26,611,390)	(25,585,450)
	5,079,882	35,263,164

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 liquidty risk level.

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. When the receivables or payables are not fixed, the amount disclosed is determined using the interest rate derived from the yield curves at the report date.

(Amounts expressed in Turkish Lira (TL))

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

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

31 December 2021

Due dates on agreement	Carrying Value	Cash outflows according to agreements (I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
Non-derivative financial instruments					
Bank loans	720,294,436	759,521,691	3,004,601	417,221,872	339,295,218
Lease liabilities	24,988,315	56,020,138	1,577,412	4,570,183	49,872,543
Trade payables	269,988,577	269,988,577	269,988,577	-	-
Other payables	22,389,733	22,389,733	22,389,733	-	-
Payables related to employee benefits	9,527,928	9,527,928	9,527,928	-	-
Total liabilities	1,047,188,989	1,117,448,067	306,488,251	421,792,055	389,167,761
Due dates on agreement					
Derivative financial assets					
Derivative cash inflows	-	-	-	-	-
	-	-	-	-	-

31 December 2020

Due dates on agreement	Carrying Value	Cash outflows according to agreements (I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
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	132,971,738
Due dates on agreement					
Derivative financial liabilties					
Derivative cash inflows	1,107,891	1,107,891	-	1,107,891	-
	1,107,891	1,107,891	-	1,107,891	-

b.3) Market risk management

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

Market risk exposures are supplemented by sensitivity analysis.

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

(Amounts expressed in Turkish Lira (TL))

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

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:

	31 December 2021			
	TL Equvalents (Fuctional currency)	**US Dollars**	**Euro**	**GBP**
1. Trade receivables	114,587,470	8,827,731	1,743	-
2a. Monetary Financial Assets	342,507,202	23,050,239	2,949,922	3,500
2b. Non-Monetary Financial Assets	111,589,097	8,598,659	-	-
4. CURRENT ASSETS	**568,683,769**	**40,476,629**	**2,951,665**	**3,500**
6a. Monetary Financial Assets	14,102,561	527,760	494,034	-
8. NON CURRENT ASSETS	**14,102,561**	**527,760**	**494,034**	**-**
9. TOTAL ASSETS	**582,786,330**	**41,004,389**	**3,445,699**	**3,500**
10. Trade Payables	(34,560,320)	(2,010,226)	(577,063)	-
11. Financial Liabilities	(148,160,252)	(62,653)	(10,035,701)	-
12a. Monetary Other Liabilities	(6,852,109)	(527,490)	(450)	-
13. CURRENT LIABILITIES	**(189,572,681)**	**(2,600,369)**	**(10,613,214)**	**-**
15. Financial Liabilities	(194,662,500)	(15,000,000)	-	-
16b. Monetary Other Liabilities	(30,617,596)	(2,181,343)	(157,279)	-
17. NON-CURRENT LIABILITIES	**(225,280,096)**	**(17,181,343)**	**(157,279)**	**-**
18. TOTAL LIABILITIES	**(414,852,777)**	**(19,781,712)**	**(10,770,493)**	**-**
20. Net foreign currency asset / (liability) position (9+18)	**167,933,553**	**21,222,677**	**(7,324,794)**	**3,500**
21. Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	**167,933,553**	**21,222,677**	**(7,324,794)**	**3,500**
23. Import	603,321,458	64,995,997	2,765,460	-
24. Export	1,491,060,613	168,276,943	351,633	-

(Amounts expressed in Turkish Lira (TL))

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 Equvalents (Fuctional currency)	**US Dollars**	**Euro**	**GBP**
1. Trade receivables	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. CURRENT 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. NON-CURRENT 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	-

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 2021		**31 December 2020**	
	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	55,083,458	(55,083,458)	97,753,968	(97,753,968)
2- Amount hedged USD risk (-)	-	-	-	-
3- USD net effect (1 +2)	55,083,458	(55,083,458)	97,753,968	(97,753,968)
In case 20% appreciation of Euro against TL				
4 - Euro net asset / liability	(21,508,965)	21,508,965	(24,401,396)	24,401,396
5- Amount hedged Euro risk (-)	-	-	-	-
6- Euro net effect (4 +5)	(21,508,965)	21,508,965	(24,401,396)	24,401,396
In case 20% appreciation of other currencies against TL				
7 - Other currencies net asset / liability	12,217	(12,217)	6,960	(6,960)
8- Amount hedged other currencies risk (-)	-	-	-	-
9- Other currencies net effect (7 +8)	12,217	(12,217)	6,960	(6,960)
TOTAL (3 + 6 +9)	33,586,710	(33,586,710)	73,359,532	(73,359,532)

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 fluctuation 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		Fair value change of ineffective portion according to hedge accounting	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Cash Flow Hedges								
Purchase of US Dollars								
Less than 3 months	-	-	-	-	-	-	-	-
Between 3-6 months	-	7.1107	-	500,000	-	3,555,375	-	183,906
Between 6-12 months	-	7.2924	-	2,500,000	-	18,231,000	-	923,985
Over 12 months	-	-	-	-	-	-	-	-
			-	3,000,000	-	21,786,375	-	1,107,891

b.3.2) Interest rate risk management

The Group's borrowing at fixed and floating interest rates exposes the Group to interest rate risk. In the creation of the optimal hedging strategy, it is aimed to review the position of the balance sheet and to keep the interest expenditures under control at different interest rates.

(Amounts expressed in Turkish Lira (TL))

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 (con'd)

Interest rate sensitivity

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

	Interest Rate Position Table	
	31 December 2021	31 December 2020
Financial Instruments with fixed interest rate	**1,076,897,716**	**761,658,796**
Time Deposits (TL)	62,824,346	88,410,129
Time Deposits (Foreign Currency)	293,778,934	375,263,539
Total Time Deposits (Note: 34)	356,603,280	463,673,668
Financial Liabilities (TL)	377,425,463	134,462,953
Financial Liabilities (Foreign Currency)	342,868,973	163,522,175
Lease Liabilities (TL)	24,815,772	21,251,571
Lease Liabilities (Foreign Currency)	172,543	1,475,885
Variable Rate Instruments		
Financial Liabilities	**-**	**-**
Total Financial Liabilities (Note: 29)	745,282,751	320,712,584

(Amounts expressed in Turkish Lira (TL))

31. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES)

31 December 2021	Financial assets at amortized cost	FVTPL	FVTOCI	Financial liabilities at amortized cost	Carrying value	Note
Financial assets						
Cash and cash equivalents	553,884,272	-	-	-	553,884,272	34
Trade receivables	433,745,406	-	-	-	433,745,406	6
Financial investments	119,356,771	136,205	417,225,599	-	536,718,575	29-34
Other receivables	56,814,885	-	-	-	56,814,885	7
Financial liabilities						
Bank loans	-	-	-	745,282,751	745,282,751	29-34
Trade payables	-	-	-	269,988,577	269,988,577	6
Other payables	-	-	-	22,389,733	22,389,733	7
Payables related to employee benefits	-	-	-	9,527,928	9,527,928	17

The carrying values of financial assets and liabilities approximate their fair values.

(Amounts expressed in Turkish Lira (TL))

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

31 December 2020	Financial assets at amortized cost	FVTPL	FVTOCI	Financial liabilities at amortized cost	Carrying value	Note
Financial assets						
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
Financial liabilities						
Bank loans	-	-	-	320,712,584	320,712,584	29
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 carrying values of financial assets and liabilities approximate their fair values.

(Amounts expressed in Turkish Lira (TL))

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:

Financial Liabilities	Fair value		Fair value	Valuation
	31 December 2021	31 December 2020	level	technique
Foreign currency forward transactions	-	1,107,891	Level 2	Market value

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

	31 December 2021 Financial liability recognized at fair value through profit or loss	31 December 2020 Financial liability recognized at fair value through profit or loss
	Derivative Financial Instruments	Derivative Financial Instruments
Opening balance, 1 January	-	2,221,786
Total gain		
-The period profit / (loss) as reflected in the profit (Note: 25)	-	(1,113,895)
Closing balance, 31 December	-	1,107,891

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.

(Amounts expressed in Turkish Lira (TL))

33. EVENTS AFTER THE REPORTING PERIOD

According to the Tax Procedure Law No. 7352 and the Law on the Amendment of the Corporate Tax Law published in the Official Gazette dated 29 January 2022 and numbered 31734, the application of inflation adjustment in the TPL financial statements was postponed to 31 December 2023.

In addition, with the temporary article 14 added to the Corporate Tax Law with the 2nd article of the same Law, an exemption is provided for the profits obtained from the translation of foreign currency and gold accounts of institutions into Turkish Lira deposit and participation accounts.

According to the regulation, institutions must convert their foreign currencies in their balance sheets as at 31 December 2021 into Turkish Lira until the submission date of the fourth temporary tax period (25 February 2022) and in case the Turkish Lira asset thus obtained are evaluated in the Turkish Lira deposit and participation accounts within the time and manner stipulated in the Provisional Articlethe foreign exchange gains related to the accounts translated into Turkish Lira and the interest and profit shares and other gains obtained at the end of the maturity period, including those arising from the period-end valuation of the said accounts, will be exempt from corporate tax, until submission of the portion of the exchange gains arising from the period-end valuation of foreign currencies corresponding to the period between 1 October 2021 and 31 December 2021 and the submission of the declaration for the fourth temporary tax period of 2021 (25 February 2022). This issue is considered as non-adjusting events according to TAS 10 “Events After the Reporting Period” in the accompanying financial statements. Within the scope of this regulation, the Company has provided a tax advantage of TL 11,405,635 and has not reflected this amount in its accompanying financial statements.

34. DISCLOSURES OF STATEMENT OF CASH FLOWS

	31 December 2021	31 December 2020
Cash on hand	28,577	40,140
Cash at banks	457,266,800	462,567,609
Demand deposits	*108,431,195*	*3,200,507*
Time deposits	*348,835,605*	*459,367,102*
Cheques and notes received	96,588,895	1,860,457
Cash and Cash Equivalents as shown in cash flows	553,884,272	464,468,206
Less: Time deposits over 3 months maturity	7,767,675	4,306,566
Cash and Cash Equivalents	561,651,947	468,774,772

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

As of 31 December 2021 and 2020, maturities of the Group’s time deposits which are less than 3 months are stated below;

Currency	Interest rate (%)	31 December 2021
TL	14.75 - 23.00	62,824,346
US Dollars	0.15 - 1.75	286,011,259

(Amounts expressed in Turkish Lira (TL))

34. DISCLOSURES OF STATEMENT OF CASH FLOWS (cont'd)

Currency	Interest rate (%)	31 December 2020
TL	16.25 - 17.85	84,103,563
US Dollars	0.25 - 3.4	358,507,688
Euro	0.05	16,755,851

As of 31 December 2021, the maturities of time deposits vary between 3 and 90 days (31 December 2020 - 4 to 34 days). Interest rates on time deposits are fixed.