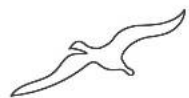




AKÇAN **SA**
ANNUAL REPORT
2 0 2 0





ALWAYS TOGETHER FOR THE BETTER

FOR A SUSTAINABLE FUTURE

We are taking important steps to use our infinite resources more consciously and efficiently.

As Akçansa that always leads the industry and is the gateway to the world, we have been committed to leaving a bright future for next generations since the day we were founded. We are constantly using our natural assets consciously and efficiently while increasing our sustainability from the base. We have been working for the future of the world and all living things for a quarter of a century with the motto “Always Together for the Better” as the source of our every business, and we will continue to work for as long as we live!

ALWAYS BETTER,

Together



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Agenda for the Ordinary General Assembly in 2020

- 1.** Opening and formation of the Presiding Board,
- 2.** Reading and discussion of the 2020 Annual Report of the Board of Directors,
- 3.** Reading the 2020 Auditor's Report,
- 4.** Reading, discussion and approval of the 2020 financial statements,
- 5.** Discharge of Board of Directors from liability for the 2020 financial year,
- 6.** Determining the manner to use the 2020 profits, and the dividend and gain rates,
- 7.** Selection of the members of Board of Directors and the determination of their term of office,
- 8.** Determining the salaries and the rights such as attendance fee, gratuities and bonuses of the Board Members,
- 9.** Selecting the auditor,
- 10.** Providing information to the General Assembly regarding donations and grants made in 2020 and approval,
- 11.** Setting the donation limits of the company in 2021,
- 12.** Provided to have the required permits and approvals from the Capital Markets Board and T.R. Ministry of Trade, the approval of the amendment to the 6th and 13th articles of the Articles of Association of the Company,
- 13.** Authorizing the Chairman and Members of the Board of Directors to perform the written procedures stated in Articles 395 and 396 of the Turkish Commercial Law (TCL),
- 14.** Wishes and Requests.

March 29, 2021

Time: 10:00

ACHIEVEMENTS AND AWARDS

Akçansa crowns its achievements in the fields of corporate, social responsibility and sustainability with national and international awards.

2020 Yılında Kazanılan Başarılar & Ödüller

- Akçansa received the **“Turkey’s Most Admired Company”** award in the cement sector for **19th time** in the **“Turkey’s Most Admired Companies 2020”** survey organized with the cooperation of Capital Magazine.
- Akçansa awarded with champion prize in clinker exports at the **“Export Champions”** award ceremony organized by the Turkish Exporters Assembly (TIM).
- Akçansa’s Alternative Fuel Project won the championship award in the **“Lean Transformation”** category at the **11th Sabancı Golden Collar Awards**.
- In the **“Turkey’s Biggest 500 Industrial Enterprises”** survey conducted by Istanbul Chamber of Industry in 2019, Akçansa ranked 127th in the list created with the analysis of numerical data of companies.
- For the first time in Turkey, gained the right to receive the **Environmental Product Declaration Certificate (EPD)** from the **Global Cement and Concrete Association** by sharing its environmental footprint with all transparency in the Ready-Mixed Concrete Industry.
- While Akçansa Çanakkale Plant became the first plant in Turkey and the 6th in the world that received globally recognized **“Golden Certificate for Responsible Utilization of Resources”** granted by the **International Concrete Sustainability Council**, and **Kemerburgaz Ready-Mixed Concrete Facility became the first facility that received the certificate in Turkey**.
- Akçansa raised its water management score 1 level higher than last year in the **CDP Ratings**.
- All operating factories of Akçansa, Karşımsa and ports received **Zero Waste Certificate** issued by **T.R. Ministry of Environment and Urbanization**.
- Akçansa gained the right to receive **Covid 19 Safe Production Certificate** issued by **T.R. Ministry of Industry and Technology**.
- With Let’s Shape the Future Together recruitment program actualized in 2018, received **Future of Development Oscar in Haute Couture 2020**.
- My Neighborhood Social Responsibility Project received **golden award** in **Qualified Training** category in **Sustainable Development Goals Awards** at **12.Corporate Social Responsibility Peak**.
- Akçansa **became the only company that has been short-listed in two categories** through ranking among the top five successful applications in **‘Leadership and Governance’** and **‘Social Responsibility’** categories in **The Investors in People Awards 2020**.





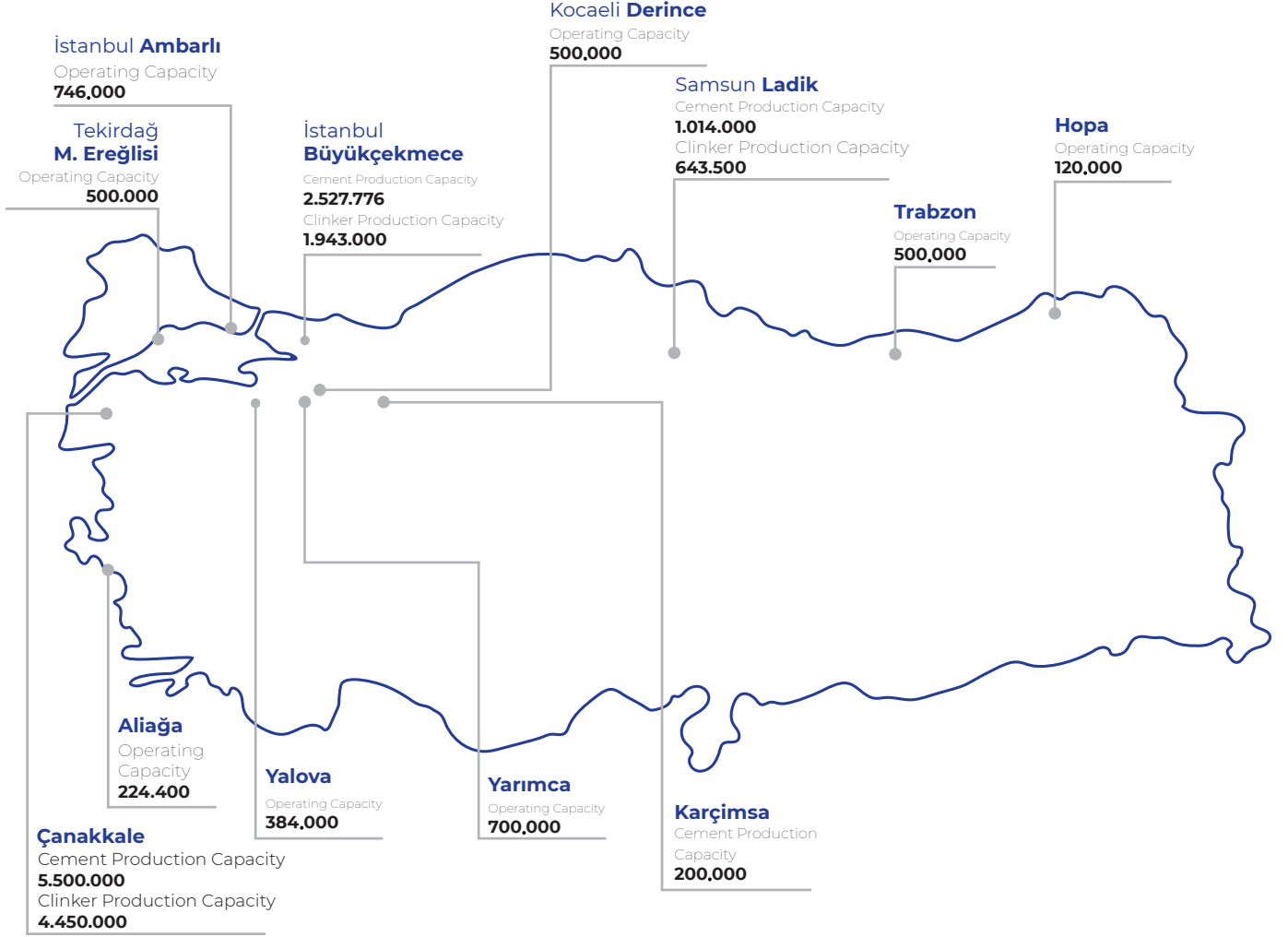
AKÇANSA'S STAR *Continues to Shine!*

We were named "The Most Admired Company" for the 19th time in the "Most Admired Companies in Turkey 2020" survey conducted by the business and economy magazine Capital. We will be further better with those who shine our success!

Many thanks to all our employees!

PLANT CAPACITIES Metric

Tons/Year



Shareholding Structure



% 39,72

Hacı Ömer Sabancı Holding A.Ş.

% 39,72

HeidelbergCement AG

% 20,56

Other - Public

2.431,9

Total Assets (million TL)

1.967,1

Net Sales (million TL)

Production Capacity

9,2

(million metric tons)
Cement

7

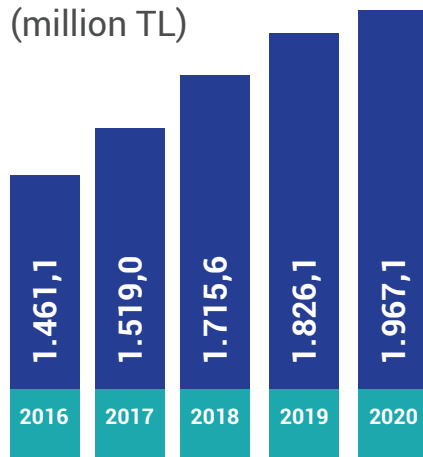
(million metric tons)
Clinker

With its successful performance, Akçansa continues creating value for its stakeholders.

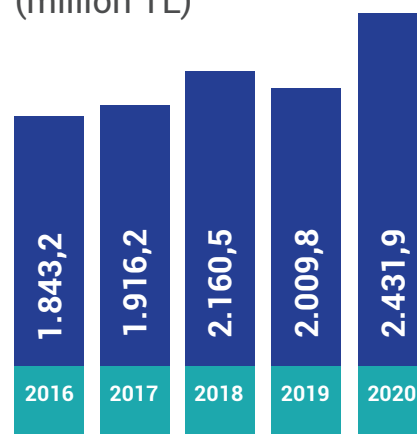
Financial operational indicators

Sales (million metric tons)	2016	2017	2018	2019	2020
Total Cement - Clinker	7,9	8,0	7,1	7,2	7,5
Cement - Total	7,5	7,6	6,5	5,2	5,1
Domestic	6,4	6,6	5,5	3,6	3,4
Abroad	1,1	1,0	1,1	1,6	1,7
Clinker - Total	0,4	0,4	0,6	2,0	2,4
Domestic	0,0	0,1	0,0	0,0	0,1
Abroad	0,4	0,3	0,6	2,0	2,4
Ready-Mixed Concrete (million m3)	3,9	3,4	3,0	2,2	2,2
(million TL)					
Net Sales	1.461,1	1.519,0	1.715,6	1.826,1	1.967,1
EBITDA	407,9	308,5	354,3	244,6	323,1
EBITDA Margin (%)	27,9	20,3	20,7	13,4	16,4
EBIT	332,8	225,5	270,1	147,2	222,1
EBIT Margin (%)	22,8	14,8	15,7	8	11,3
Profitability					
Net Profit (million TL)	286,4	148,7	179,8	75	114,8
Earnings per Share	1,5	0,8	0,9	0,3	0,6
Dividend Rate per Share (Gross) (%)	123,9	66,9	79,8	24,2	54,8
Net Financial Debiting (million TL)	185,1	332,7	289,7	321,6	289,1
Shareholders' Equity (million TL)	1.215,0	1.096,9	1.093,7	1.028,9	1.195,4
Total Assets (million TL)	1.843,2	1.916,2	2.160,5	2.009,8	2.431,9

Net Sales
(million TL)



Total Assets
(million TL)







ACCOMMODATES FUTURE IN ITS RESOURCE



We are using climate-friendly products to make tomorrows more sustainable for future generations; and by means of the trees we planted in Izmir's Kınık Region in collaboration with the Aegean Forest Foundation, we reset the amount of 250 tons of carbon emissions.

Chairman's Message



Dr. Tamer Saka
Sabancı Holding
Building Materials Group President

Dear stakeholders,

The year 2020, which passed under the influence of the Covid-19 pandemic, witnessed developments that had never been experienced before in the international platform. Regardless of its level or location, no country or sector remained unaffected by the pandemic. Cement consumption shown decrease in almost all regions, including China, due to the pandemic that had a negative impact on economic growth and construction activities. With these effects, it is estimated that world's cement consumption declined to 3.9 billion tons in 2020. In addition to this, with the effect of the housing support package put into enforcement in Turkey in June also eliminated the negative statement in the cement sector due to the quick recovery of the construction industry. Our industry recorded significant increases in both domestic sales and exports. According to Turkish Cement data, the increase in the period of 2020 realized at 22.6 percent in domestic sales; and in exports, it was as high as 36 percent.

As Turkey's leading construction company, we, as Akçansa, continued to grow and create added value for the national economy in this period with the vision of 'sustainable growth'. With the precautions we took with the focus of our employees' health and operational continuity, we continued production in all our locations and gained new permanent markets for exports. We have exported high quality products that we produce in 3 factories of us to 17 countries in 4 continents from 3 ports. Our total exports increased by 12 percent and raised to 4.1 million tons. All 3 of our factories reached the highest export figure in their history. Our total cement and clinker sales increased in a year where we compensated the domestic contraction with exports.

We work for a sustainable world

Sustainability is among our most important agenda items in recent years in the cement industry where energy consumption and natural resource utilizations are intense. At Akçansa, with our sustainability

approach, we aim to create a wide and comprehensive positive impact from reducing the environmental impact to creating social benefits. Within this scope, we are working on sustainable products that will be an alternative to traditional cement, and aim to reduce the environmental footprint of concrete by using low-clinker cement and higher mineral additives. On the other hand, we are trying to reduce our carbon footprint with the energy efficiency measures that we have taken during the production stages and the use of more alternative fuels and biomass in production. By means of the projects that we have been carrying out with determination since 2017, we have achieved to reduce our carbon emission by 24 percent. We are in a position to recover 85 percent of the water in cement production.

We're over the average of Turkey in alternative fuels

The alternative fuel usage rate, which realized at a level of 44 percent in the European Union and 8 percent in our country, has increased by 25 percent last year at Akçansa. Thus reached the highest level in our history with a rate of 18 percent. Through the collaborations we have made, we continue to be a solution partner for the waste problem of Istanbul by converting the wastes of Istanbul removed from both sea and land into energy in our Büyükçekmece plant. We achieved to increase the rate of waste tire usage at our Çanakkale plant by 36 percent compared to the previous year, and by 12 percent in our Ladik plant. Our Alternative Fuel Project made us feel proud by being awarded with the championship in the 'Lean Transformation' category at the 11th Sabancı Golden Collar Awards.

Our digitalization steps are getting stronger

The pandemic period showed how the relationship that we will establish with digitalization as the business world is important. We believe that the successful companies of the future will be the ones who will be able adapt digital solutions in the most appropriate manner for their operations. At Akçansa, we have strengthened the steps we have taken in the recent years in order to include digitalization in our business processes. As a result of long-term R&D studies, we digitalized the traditional sampling method by affixing our signature under a first in the sector with our "Smart Concrete" project. In this way, with the cooperation we made with Vodafone Business, it became possible to measure the quality of concrete with digital sensors that are placed inside the concrete. With SabancıDx, we started the development process of autonomous production systems in order to reduce our fuel costs. In order to digitalize our operations, we aim to improve the employee experience and be able to act agile in the rapidly changing business environment. Within this scope, we are continuing to develop new business and working models with a focus on integration, automation and data.

As Akçansa Family, we will continue to work for the future of the world and all living creatures in it with our motto, 'Always Together For The Better' that we have put at the source of every business. With these feelings, I would like to thank for their support to all of our colleagues, shareholders, business partners and customers who contributed to this achievement by working with a great devotion despite the pandemic in 2020.

Sincerely yours,

Board of Directors



Dr. Tamer Saka
Chairman

29.03.2018 - 29.03.2021

Date of Birth: 1973
Undergraduate: Istanbul University, Business Administration Faculty
Graduate: Istanbul University, Business Administration Faculty

Professional Experience:
Saka served as Manager and Senior Manager responsible for Risk Management Consultant services in Arthur Andersen and Ernst & Young companies, and then joined the Sabancı Holding in 2004 as Risk Management Director. Tamer Saka served as Managing Director responsible for the business development activities of approximately 20 countries, including Turkey, for Willis London from 2010 to 2011. Assuming the position of Strategy and Business Development Coordinator at Kibar Holding as of December 2011, Saka continued as Head of Automotive and Corporate Functions Group and Kibar Holding Board Member as of May 2012. He acted as the CEO of Kibar Holding since 2014. Tamer Saka has been appointed as the Head of Sabancı Building Materials Group as of April 2, 2018.



Hayrullah Hakan Gürdal
Vice Chairman of the
Board of Directors

29.03.2018 - 29.03.2021

Date of Birth: 1968
Undergraduate: Yıldız Technical University, Mechanical Engineering Department
Graduate: Istanbul University, International Business Administration Department

Professional Experience:
Gürdal has joined Çanakkale Çimento in 1992 and was appointed as Strategy and Business Development Manager in 1996 and Chief Commercial Officer in 1997 in Akçansa. He was appointed as the General Manager of Akçansa as of August 1, 2008. He was appointed as the Chairman of the Board of Directors as of September 1, 2014. He was assigned as a member of the Executive Committee in charge of Africa and the Mediterranean in HeidelbergCement Group on February 1, 2016.



Ahmed Cevdet Alemdar
Board Member

24.01.2020 - 29.03.2021

Date of Birth: 1970
Undergraduate: Boğaziçi University, Industrial Engineering Department
Graduate: Istanbul University, International Business Administration Department

Professional Experience:
Alemdar joined the Sabancı Holding in 1993 and served at Beksa, Sakosa, Dusa, Kordsa, and Temsa İş Makinaları, respectively. During this period, he acted as the factory general manager for wire products investments towards construction and manufacturing industries in Turkey and at overseas affiliates of Kordsa in Brazil, Thailand and China towards tyre industry, and led the sales and marketing activities of the South America and Asia Pacific regions. Alemdar has worked on R&D and innovation in technical textile and tyre as the Chief Technology and Market Development Officer of Kordsa. Alemdar acts as the General Manager of Temsa İş Makinaları since 2013, including the period where the company has grown with the distributorship of Volvo Truck in addition to Komatsu construction equipment, and also as the CEO of Brisa, a company established in partnership by Bridgestone and Sabancı Holding, since 2017. Alemdar is assigned as Sabancı Holding Industry Group President as of April 1, 2020.



Dr. Carsten Sauerland
Board Member

06.07.2018 - 29.03.2021

Date of Birth: 1978

Undergraduate: University of
Manheim - Barcelona University,
Business Administration
Department

Graduate: University of
Mannheim, Business Administration
Department

Professional Experience:

Sauerland received his undergraduate degree in 2002, master's degree in 2004, and PhD in 2007. His professional career started in Frankfurt in Tax Consultancy and Audit field. He worked as Assistant Group CFO in HeidelbergCement in 2010. He acted as the Assistant General Manager (Finance) of Akçansa from 2012 to 2016. Sauerland returned back to HeidelbergCement Group in 2016, and served as Managerial and Financial Reporting Director. 2 years after his time in Akçansa, he has been appointed as a Board Member of Akçansa by representing HeidelbergCement. Sauerland is assigned as CEO in 2020 at HeidelbergCement Trading.



Mehmet Sami
Independent Board
Member

29.03.2018 - 29.03.2021

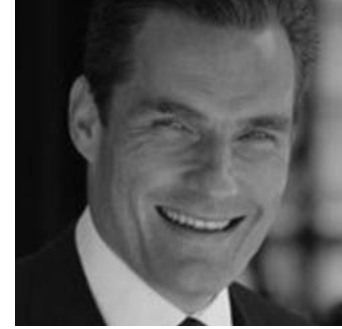
Date of Birth: 1964

Undergraduate: Kingston
University, Economics Department

Graduate: University of City,
Business Systems Analysis Design

Professional Experience:

Sami has started his professional career in 1988. With his experience in Corporate Financing and Capital Markets during the last 30 years, Sami has opened offices in New York and Dubai and established strategic partnerships in Germany, USA and Japan since 1994, and has addressed speeches and managed panels on the Turkish economy and investment opportunities in domestic and at abroad. Mehmet Sami has carried out various privatization, merger, partnership, financial partnership, initial public offering, company valuation and consultancy projects from 1988 to date. Sami has led the financial partnership projects in Turkey, and served as a member of the investment committee for seven years after being involved in the establishment process of Turkey's biggest financial partnership fund.



Dr. Markus C. Slevogt
Independent Board
Member

29.03.2018 - 29.03.2021

Date of Birth: 1970

Undergraduate: Philipps
University, Business Administration
Department, Germany

Graduate: Philipps University,
Business Administration
Department, Germany

Professional Experience:

Slevogt completed Executive Training Program for Private Bank Executives in the NYU Stern School of Business in New York, USA, and Executive Transition Program for General Manager in the School of Management and Technology in Berlin, and received his PhD on Banking & Finance from the Philipps University. Slevogt served in various position in Deutsche Bank AG since 1998, and then he served as ING Switzerland S.A. Regional Market Manager and ING Bank A.Ş. Turkey General Manager for Primary Asset Management. As of 2012, Slevogt has served as Independent Board Member at various companies.

Executive Committee



M. Zeki Kanadıkırık
General Manager

Date of Birth: 1965

Undergraduate: Middle East Technical University, Machine Engineering Department

Professional Experience:

Started his career in 1987 at Çukurova İthalat company, Kanadıkırık worked at Brisa between 1988-1994, at Lubrekip between 1995-1998, at Kordsa between 1998-2003 and Tekstil Servis (Textile Service) between 2003-2006. Joined in Kordsa again in 2006, Kanadıkırık worked as Kordsa Turkey Business Director between 2009-2010, Thai Indo Kordsa Operation Director between 2010-2015, Assistant General Manager for Asia Pacific Region between 2015-2020. He is assigned as the General Manager of Akçansa as of September 1, 2020.



Berrin Yılmaz
Assistant General Manager
Human Resources

Date of Birth: 1971

Undergraduate: Middle East Technical University, Business Administration Department

Graduate: Bilkent University, MBA Program

Professional Experience:

Yılmaz started her career in Eczacıbaşı Holding as Human Resources Specialist in 1995, and then acted as Human Resources Manager in Eczacıbaşı Holding from 1998 to 2006, Human Resources Director in Roche İlaç from 2006 to 2015, General Manager in Atrain GmbH from 2015 to 2017, and Human Resources Director in Sabancı Holding from 2017 to 2018. She is assigned as Assistant General Manager for Human Resources as of July 2018.



Gilles Covello
Assistant General Manager
Operations

Date of Birth: 1968

Undergraduate: ENSI Clermont-Ferrand, Chemical Engineering Department

Professional Experience:

Covello started his career in 1991 as Environment and Process Engineer in Ciments Français Gargenville Plant, and served as Quality and Kiln Manager in Calcia Befes Plant from 1996, and Production Manager in Befes Plant, Assistant Plant Manager in Picton Plant, Production Manager in Bussac Plant, Development Manager in Bussac Plant, Production Manager in Couvrot Plant, Plant Manager in Bouin Plant, Plant Manager in Gargenville Plant, Plant Manager in Couvrot Cement Plants of Italcementi Group Calcia from 1996 to 2016, and finally Technical Director in charge of 5 integrated facilities with a capacity of 11MT/y in HeidelbergCement Suez Cement Egypt from 2016 to 2019. Covello is appointed as the Assistant General Manager (Businesses) of Akçansa as of March 4, 2019.



Barış Karahüseyin
Assistant General Manager
Sales & Marketing

Date of Birth: 1975
Undergraduate: Istanbul Technical University Construction Engineering Department
Graduate: Istanbul University, MBA Program

Professional Experience: Beton Italcementi Group in 1998, 2009 - Then he acted as Regional Manager at Soyak Group-Traçim, 2010 - Assistant General Manager at Boğaziçi Cement in 2013, Strategy and Business Development Manager at Çimentaş between 2013 - 2015, Trade Director at Çimentaş between 2015-2017, Assistant General Manager Sales & Marketing and Member of Executive Board at Çimentaş between 2017 - 2018. Assigned as the Assistant General Manager Ready Mixed Concrete and Aggregate as of August 2018, Barış Karahüseyin is assigned as Assistant General Manager Sales & Marketing as of 1.8.2019.



Ümit Çetin
Assistant General Manager
Procurement and Logistics

Date of Birth: 1975
Undergraduate: University of Bilkent Banking and Finance Department

Professional Experience:
Ümit Çetin respectively worked at Ernst & Young as Auditor in 2007 – 2008, at Hayat Holding as Internal Auditor in 2008 – 2009, at Olmuksa as Internal Audit Executive in 2009 – 2012 and at Çimsa as Internal Audit Manager in 2012 – 2015 and at Çimsa as Vice GM – Supply Chain in 2015 - 2019. He is appointed as the Assistant General Manager - Procurement and Logistics as of October 14, 2019.



Steffen Schebesta
Assistant General Manager
Finance

Date of Birth: 1979
Undergraduate: Florida University, Business Administration Department
Graduate: Florida University, International Business Administration Department

Professional Experience:
Received his Chief Financial Analyst (CFA) Certificate in 2011. He joined HeidelbergCement in 2006 as Financial & Competition Analyst, and then acted as Investor Relations Manager from 2010 to 2014 and finally as Investor Relations Senior Manager since 2014. He is assigned as the Assistant General Manager of Akçansa as of January 16, 2017.

Sector Information

In 2020, cement production increased by 26.9% compared to the previous year. Approximately 22% of the cement produced was exported. In 2020, while the domestic sales increased by 22.6%, cement exports increased by 46.1%

According to TUIK data, the country with highest increase in cement and clinker export was Ukraine, and in this period exports were made to countries such as the United States, Ghana, Israel, Guinea, Syria, Haiti, etc. in particular.

The number of building licenses granted by the municipalities in 2020 compared to the previous year, the number of buildings increased by 69.4 percent; the surface area increased by 48.7%, the value increased by 71.1%, and the number of apartments increased by 68.5%. Compared to the previous year, the number of occupancy permits granted by the municipalities, the number of buildings increased by 17.4 percent; the surface area increased by 18.9%, the value decreased by 7.8%, and the number of apartments decreased by 19.0%. Housing sales increased by 11.2% compared to the previous year and resulted as 1.499.316 units.

Cement Production and Consumption in Turkey (million metric tons)*

	Production	Domestic Consumption
2016	75,4	66,8
2017	80,6	72,2
2018	72,5	64,4
2019	57,0	45,4
2020	72,3	55,7

* Including data from the Turkish Cement Manufacturers' Association (TCMA) member manufacturers.

Cement and Clinker Export of Turkey (million metric tons)*

	Cement	Clinker	Total
2016	7,5	3,7	11,2
2017	8,0	4,9	12,9
2018	7,5	5,9	13,3
2019	11,1	11,6	22,7
2020	16,3	13,6	29,8

* Including data from the Turkish Cement Manufacturers' Association (TCMA) member manufacturers.

Sales

Akçansa's total domestic sales of cement and clinker in 2020 decreased by 6% compared to 2019, and realized as 3.4 million metric tons. The total sales in export increased by 13% compared to the previous year, and realized as 4.1 million metric tons. Total cement and clinker sales increased by 4 percent in 2020 and realized as 7.5 million tons. Despite the impact of the pandemic in 2020, Akçansa fulfilled the demands in the domestic market and export by producing at full capacity with flexible business models.

By realizing a record export from 3 ports to 4 continents and 17 countries, Akçansa reached the highest monthly export figure of Turkey's cement industry in June and achieved a major success.



Achieved an export of approximately 4.1 million tons with the logistical advantage provided by Çanakkale and Ambarlı ports. With its effective port management and customer portfolio based on long-term reliability, gained important and permanent markets in export markets and increased its export revenues by 26 percent compared to the same period of last year.



Digitalization, Technology and Investments



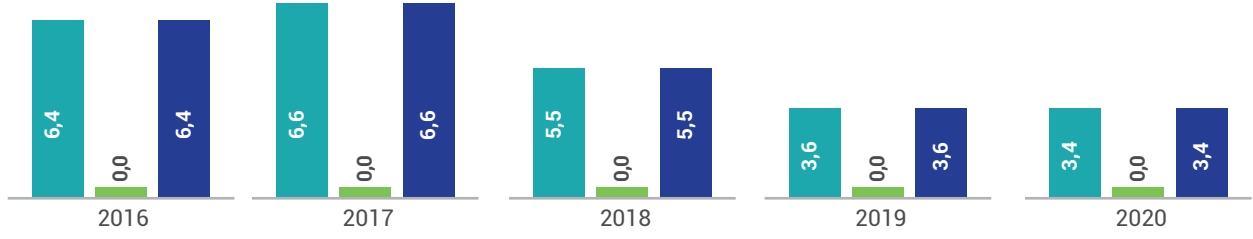
A pioneer in technology focused and innovative production

Akçansa digitized the traditional sampling method by affixing its signature under a first in the sector as a result of long-term R&D studies, and launched the Smart Concrete product. With the product, the quality of the concrete is measured with digital sensors placed inside the concrete. Betonsa is the first concrete company to prove the sustainability of its quality with the technological infrastructure provided by Vodafone Business and share it with its customers, while it is able to control the quality of the concrete used in the project instantly and remotely with the application installed on the mobile device of the customers. Building Materials companies have created a cloud infrastructure in order to develop projects with big data within the scope of the Advanced Data Analytics program initiated with SabancıDx. With SabancıDx, the development process of autonomous production systems initiated in order to reduce fuel costs.

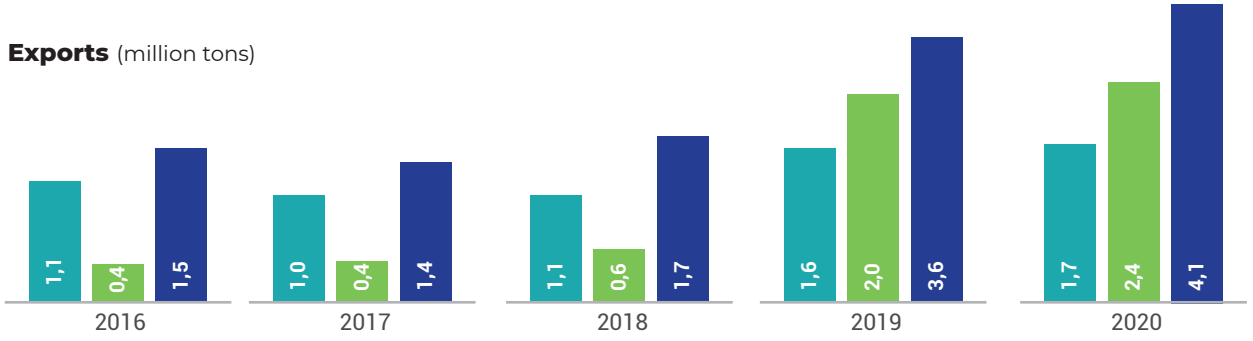
Domestic Sales

Domestic Sales (million tons)

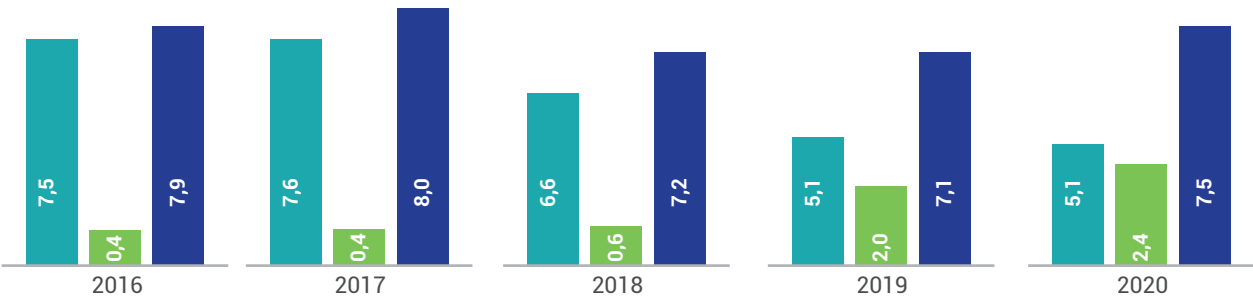
Cement Clinker Total



Exports (million tons)



Total Sales (million tons)



Sales at Betonsa

Successfully continuing Akçansa ready-mixed concrete operations in Marmara, Aegean, Black Sea regions and the Çanakkale Bridge project, Betonsa achieved an annual sales of 2.1 million m³ by the end of 2020 with an average of 25 facilities.

Aggregate sales that are carried out at two different facilities, Kemerburgaz and Saray, under Agregasa brand have reached 1.1 million tons of sales in 2020. Furthermore, our Kemerburgaz and Samsun facilities have been leased and royalty income is obtained.

Production

Total output of Akçansa's Büyükçekmece, Çanakkale, and Ladik plants weighed in at 6.7 million metric tons of clinker and 4.9 million metric tons of cement in 2020. These production amounts constitutes 9% of total clinker production and 7 percent of cement production in Turkey.

The production operations in all facilities of Akçansa were carried out in line with OHSAS 18001 Occupational Health and Safety Management System, BS EN ISO 9001:2000 Quality Management System, and BS EN ISO 14001 Environmental Management System certifications. The company also successfully passed its British Standards Group audits and its BSI certifications have been renewed.

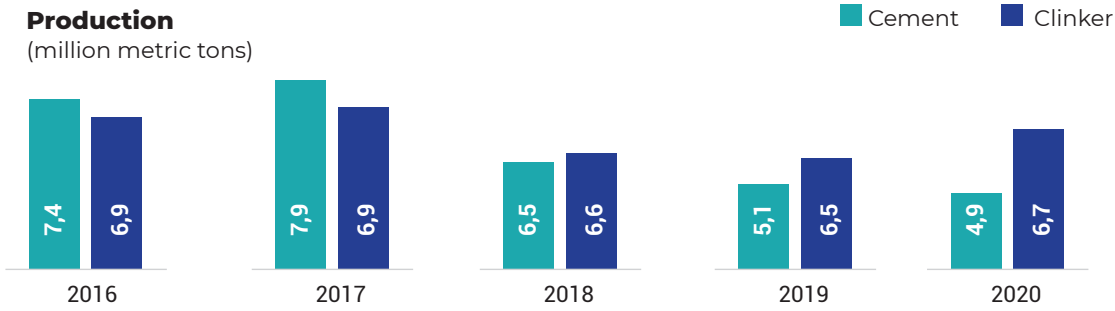
Akçansa acts as a solution partner for the waste problem of local governances in accordance with its goal of creating value from waste for a sustainable future. In 2020, Akçansa's alternative fuel rate increased by 25 percent compared to the previous year. Büyükçekmece Plant continues to be the solution partner for the waste problem of Istanbul. 73 thousand tons of dried sewage sludge extracted from the treatment facilities of ISKI in Istanbul was used as fuel at Akçansa Büyükçekmece Plant. In addition to this, Akçansa Büyükçekmece Plant used approximately 12 thousand tons of waste oil extracted from shipyards for the first time this year for the purpose of energy recovery. The rate of waste tire usage at Akçansa Çanakkale Plant increased by 36 percent and 12 percent at Ladik Plant compared to the previous year.

Akçansa Çanakkale Plant started to use fly ash in 2020, and thus contributes to the reduction of the CO2 footprint in cement production.

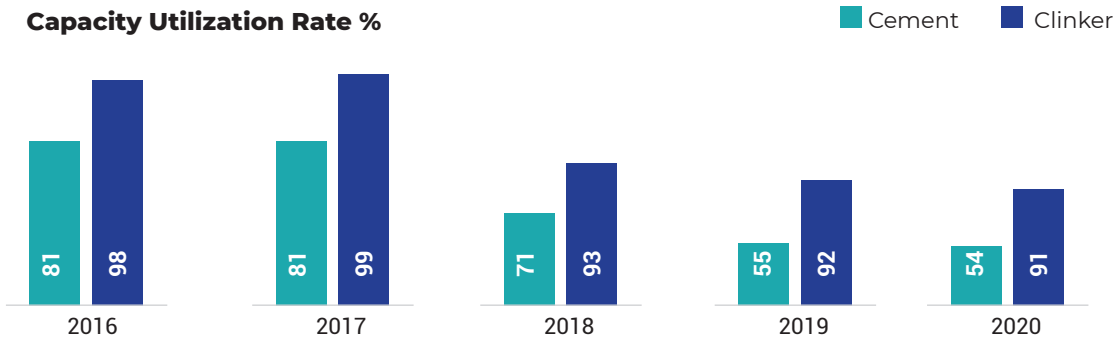
The highest alternative fuel usage rate was achieved in 2020

Production

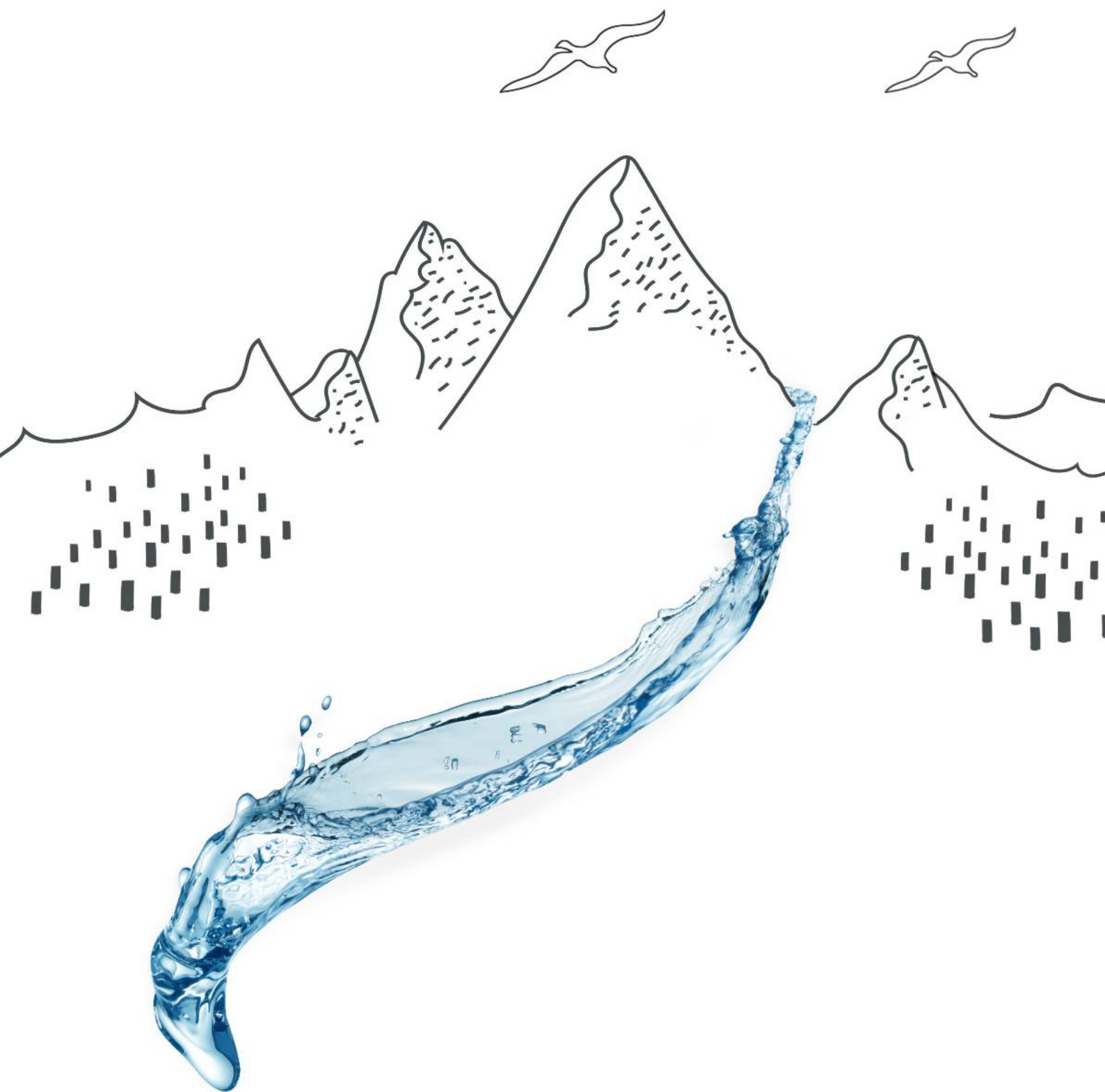
(million metric tons)



Capacity Utilization Rate %



All plants of Akçansa have performance-invariance certificate issued by the Board of Quality and Environment, TSI compliance certificate issued by Turkish Standards Institute, and quality certificate issued by Israel Standards Institute.



The background of the page is white and features several decorative elements. Numerous blue water bubbles of various sizes are scattered across the upper and right portions of the page. Two simple line drawings of birds in flight are also present: one is positioned between the words 'EFFICIENCY' and 'IN ITS', and the other is located between 'IN ITS' and 'RESOURCE'.

HAS EFFICIENCY IN ITS RESOURCE

We are reducing the water consumption in all of our processes, recovering water and paying attention to use our resources consciously, so as a support for TURMEPA, we are cleaning 160.000 liters of sea water.

Healthy and Safe Production

Akçansa carefully followed current developments, all information and instructions provided by local and national authorities during the Covid-19 pandemic that we are facing since the beginning of 2020. With the motto “You Are Safe at Work”, all actions required to protect the health and safety of all employees, customers and business partners quickly started to be implemented. After all the works carried out within this scope, Akçansa undergone the inspection of the authorized company with Türkak Accreditation and was awarded with ‘Covid-19 Safe Production’ certificate. Within this scope, through video, e-mail and visual materials, employees were informed instantly about protection against Covid-19 and the methods of being safe.



Offices and facilities were disinfected with Nano Ion technology and hygiene kits were distributed to employees, their families and to all subcontractors. Fever measurements continue to be carried out at the entrances of the facility. The common areas in the cafeteria, service and facilities were rearranged according to the social distance rule. While the use of all guest houses in the facilities was restricted, large-scale contact maps were created for employees who could be in contact, and isolation was provided in a short time. By signing an agreement with health institutions for Covid-19 diagnosis and treatment services, all employees were provided with professional support.

İşte Güvendesin



Occupational Health and Safety



Akçansa continues to work in order to create a sustainable occupational safety culture through following up the best practices, technological and innovative developments in cement industry and different industries in order to prevent occupational accidents and diseases, considering the expectations of all relevant parties together with the customers, and continuously improving the occupational health and safety management system.



Various organizations, trainings, quiz competitions, award-winning painting contests and field visits of senior management were organized to increase the awareness and perception of employees within the framework of the 'Akçansa Occupational Health and Safety Week' held at all locations of Akçansa for a week.

The second of the Occupational Health and Safety Workshop was held on the online platform with interactive participation in 2020, and what has been done and what needs to be done to effectively spread the occupational safety culture to sub-employers was shared.

Through auditing the management system requirements; the transition from OHSAS 18001 Occupational Health and Safety Management System to TS ISO 45001 Occupational Health and Safety Management System was successfully completed by impartial and independent BSI and TÜV Rheinland organizations.

While Akçansa employees were given health and safety trainings, emergency drills at the OHS Academy; members of Akçansa participated in 'OHS Leadership Training Program organized by ÇEİS. Due to the fact that 1 year passed without accident at Akçansa Ladik Plant, an online 'Golden Helmet' award ceremony was held at the factory.

Occupational Health and Safety Performance Indicators 2020

34.766 Occupational Health and Safety Training (man/hour)

53.269 Safety Interviews

21.098 Danger Notification Number

2.117 Field Audits

2,8 Accident Frequency Value

90,6 Accident Weight Value

Sustainability

We invest in the future by putting our sustainability approach at the center of our business model.

According to the sustainability understanding of Akçansa and the life cycle of cement, sustainability is integrated into all business processes from raw material production to after-sales relations. Making sustainable business models an integral part of Akçansa's corporate culture and securing the continuity of the business in the future are among the prioritized goals.

The 2030 Sustainability Goals prepared in accordance with the vision of the sustainability organization restructured in 2019 will be published in 2021. 6 focus areas that support the UN Global Compact Principles and the UN Sustainable Development Goals to which Akçansa is a signatory are formed of critical key indicators concerning the Occupational Health and Safety, Reducing Our Environmental Footprint, Innovation and Digitalization, Circular Economy, Being a Good Neighbor, people, harmony and transparency.

In 2020, a comprehensive and participatory stakeholder analysis process was carried out in Akçansa in order to determine the priority issues to be focused on in the field of sustainability. Priority issues were learned from the opinions of employees at all levels and investors, customers, suppliers and representatives of non-governmental organizations who are strategic external stakeholders. The predictions concerning the global risks pointed out by the World Economic Forum, the priority issues prepared by the Sustainability Accounting Standards Board (SASB) for the industries, the Sustainable Development Goals and the 11th Development Plan were examined in detail and the issues that shape the global and local agenda were evaluated. As a result of the prioritization analysis, Energy Efficiency, Climate Change and Greenhouse Gas Emissions, Water Management, Occupational Health and Safety, Business Ethics and Compliance, Low Environmental Impact Products and Waste management revealed as very high priority issues (<http://www.akcansa.com.tr/docs/SR2018-2019.pdf>). The outputs of the analysis play an important role in finalizing the 2030 Sustainability Goals and creating the 2030 roadmap accordingly.

By prioritizing ISO 14001 Environmental Management System in all plants of Akçansa and ISO 50001 Energy Management System leadership in 3 plants in 2020 and by effectively managing risks and opportunities, many improvements were performed in the direction of continuous improvement.

PLUS LIFE

IF YOU CHANGE,



FUTURE CHANGES



While monitoring the effects of climate change with constantly rising temperatures and increasing extreme weather events, important steps have been taken towards reducing carbon emissions. Process chimneys located in the plants that are monitored 24/7 by the Ministry and Provincial Directorates continue to operate far below the emission limits defined in the environmental legislation. Achieving the best in energy efficiency at Akçansa is one of the important goals. Energy density per turnover has been reduced by 8 percent compared to the previous year.

With the waste heat and wind turbines in Çanakkale, 14 percent of the total electricity requirement of 3 plants was generated.

Working on innovative products with low environmental impact with its R&D power, 1803 Beton manufactured by Akçansa for 1915 Çanakkale Bridge attracts the attention with its low carbon footprint as well as its superior performance features.

IT'S TIME TO USE OUR RESOURCES EFFICIENTLY

We have become the **first company in Turkey** to share the carbon footprint and responsible resource consumption of our ready-mixed concrete products transparently with the **International Environmental Production Declaration**. Protecting nature with our low-carbon products, we are getting prepared for the future.

gc
ca Global Cement and Concrete Association

AKÇANSA

R&D Activities

Akçansa continues its activities in new product development, product optimization studies, pre-sales and after sales technical support, training, giving course and seminars at universities for cement and concrete technologies, technical trips organized for students, supporting cement and concrete related researches at the universities, exhibition and poster studies and national/international scientific publications (statements), etc. in cooperation with universities, public entities, industrial NGOs and Heidelberg Technology Center.

Important Completed R&D Projects

- **Investigation of Mineralizer Use in Clinker Production** (TUBITAK Teydeb Project)
- **Investigation of Hydration Reactions and Effects in Cement** (in collaboration with Sabancı University)
- **Determination of Usage Criteria of Products Recycled from Construction and Demolition Wastes** (TUBITAK Teydeb Project)
- **Investigation of the Use of Microalgae as Supplementary Fuel and CO2 Retainer in Cement Production Process** (TUBITAK Teydeb Project)
- **Development of High Performance Cement and Concrete Products for 3rd Bosphorus Bridge** (Yavuz Sultan Selim Bridge) Project
- **Development of High Consistency Protection and Performance Cement and Concrete Products for Large Infrastructure Projects**
- **Development of High-Consistency and Performance Concrete Products for High-Storey Structures**
- **Development of High Performance Cement and Concrete Products for 1915 Çanakkale Bridge Project**
- **Monitoring Concrete Samples with RFID Tags Project** (in cooperation with Ankaref and Vuruşkan Companies)
- **Macro Synthetic Fiber Roller Compacted Concrete Road Project** (in cooperation with Boğaziçi University and Kordsa)



Important R&D Projects Completed in 2020:

- Tracking of Quality Control Parameters in Cement Production with Advanced Data Analytics
- Performance Analysis of Cement Grinding Additives
- Life Cycle Analysis for Ready-Mixed Concrete Standard and Special Products and Obtaining EPD (Environmental Product Declaration) Documents

Ongoing R&D Projects:

- Use of Activated Natural Minerals as a Substitute to Cement (in cooperation with the Sabancı University)
- Nuclear Shielding Performance Concrete Project (in cooperation with the Turkish Atomic Energy Authority)
- Tracking of Quality Control Parameters in Cement Production with Advanced Data Analytics
- Investigation of Using Alternative Mineral Additives in Cement and Concrete Production and Low Carbon / Clinker Production Technologies



In the Technology Center Laboratory; a total of 1652 concrete tests were carried out for R&D projects, raw material performance in the concrete phase, optimization and special product studies in 2020.

Performed tests;

- Special Product Tests,
- Aggregate Performance Tests,
- Cement Performance Tests,
- Chemical Additive Tests,
- Mineral Additive Tests and
- Project-Specific Solution Tests.



Port Activities

Akçansa continued to use high rates of capacity in port operations in 2020. Export loads from Akçansa Ambarlı Port continues by increasing. At the same time, service started to be offered to third parties from Yalova Terminal for the first time in addition to the cement operations. Door-to-door delivery services started by including the goods handled in the port of third-party customers, the expansion of the logistics network and the land transport operations of the service items.

Akçansa port capacities; Ambarlı Port handling capacity is 2.4 million tons, Çanakkale Port handling capacity is 5.4 million tons and Yalova Port handling capacity is 0.7 million tons. By switching to the exclusive agency system in Ambarlı and Çanakkale ports, agency revenues have been obtained from port activities.

The continuance of these revenues is planned in the coming years. At the same time, confined warehouse services in the temporary storage area started to be provided for all kinds of operations (Full-Partial-General cargo).



Social Responsibility

Akçansa supports education social responsibility projects focusing on with social benefit.



My Home Social Responsibility Project

Meeting with more than 35 thousand students, teachers and parents under Akçansa's 'My Neighborhood' project continuing for 4 years, Akçansa mobile education center is carried into digital platform in order to create a solution to the problems experienced due to the interruption of education during the pandemic period, the increase of students' leisure time and the tendency of their habits to change and to ensure that the students use their time well. The project that was renamed 'My Home' continued to contribute to the education of children with the accompany of TOÇEV's specialized trainers. With My Home Project, online English education was given to primary and high school students with the accompany of foreign teachers for two months.

Mix the Life

With 'Add Color to City' project realized through being inspired by the graffiti within the streets of the city, Betonsa gave the message that

it is possible for the concrete to turn into the required aesthetic structure, and approached a strategy for the positive transformation of concrete's gray and cold perception in Turkey.

Continuing with the same strategy, the social media project continues the support it gives for graffiti art today with a new message on its Instagram account.

The new message of the project is "Mix the Life!". This time, through being inspired by the feelings that graffiti evoke in the city and in us, and using the 'words' that describe those feelings on the mixer, brought the project that creates harmony between graffiti and people to life. Thus, words such as longing, love, conquest, happiness, friendship that emerge from the mixture of all feelings accommodated by Istanbul and the human being have become integrated with the concrete mixer. Traveling through the streets of the city with colorful words painted with graffiti, the mixer invites people to mix the life with their own graffiti.

By departing to visit the villages of Turkey, Akçansa's graffiti mixer distributed boots, coats and toys to the children living in villages and with inadequate financial situation.



Member of Akçansa Planted More Than 10,000 Trees in 1 Year

Akçansa continues to green the areas where it operates. In 2020 in Çanakkale and Ladik regions; more than 10 thousand trees were planted on behalf of business partners, employees and their families. On these firm roots, trees grow and grow and stretch into the future.



Books of Akçansa Volunteers Supported Treatment of Stray Animals!

Akçansa Volunteers contributed to the treatment of stray animals in collaboration with Kitap Koala. Second-hand books brought by volunteers went on sale on the shelves of Kitap Koala. The revenue obtained from the sale of books began to be used to treat stray animals.



Young Members of Akçansa Poured 'How Can We Protect From Covid-19?' Subject Into Colors

In "How Can We Protect From Covid-19?" themed painting contest organized specially for young members of Akçansa, young people poured their talents into painting. Among the paintings evaluated by Akçansa Fine Arts High School teachers, the most creative ones have been awarded. Akçansa General Manager Mehmet Zeki Kanadıkırık presented the awards to the young talents of Akçansa who attended online to the award ceremony from Çanakkale, Ladik and Istanbul.

"Cement Day" is organized with the participation of Akçansa's Business Partners.

Sabancı Holding Building Materials Group organized the annual "Cement Day" to share with their business partners the vision and mission they represent in the cement industry with Akçansa and Çimsa.

The meeting was attended by Sabancı Holding Building Materials Group President Dr. Tamer Saka and 400 business partners of Akçansa and Çimsa.



Akçansa's Human Resources Strategy

Akçansa acts with the HR vision of “being the most preferred employer by creating a unique work culture where the employees feel themselves valuable and learn continuously”. The philosophy “Each executive is an HR executive” is used in all HR processes and systems carried out in line with people oriented, leadership development, talent management, continuous development and flexible human resources strategies. Investors In People-IIP Gold certificate received in 2019 shows the efficiency of efforts conducted in line with this mission.

In accordance with the strategic human resources management approach, HR strategy and short/mid-term targets are reviewed and integrated to the targets of all functions. Accordingly, includes; making a difference in employee experience, strengthening the leadership development, experiencing and learning continuously, creating a flexible work culture open to innovation and based on data, making it possible for the company to recruit and hold onto talented people, and creating human resources strategic priorities.

Human First

Employee participation is encouraged at Akçansa through informational and motivational gatherings (“Communication” and “We’re Listening To You” meetings) which are attended by all employees and at which knowledge, ideas, and suggestions are exchanged. With the “HR On-Site” visits, the plants and facilities of Akçansa in all regions are visited, and the actions to be taken are determined, monitored and implemented by holding one-to-one meetings with Akçansa employees. Employees’ satisfaction and loyalty is measured through a regularly conducted

“Work Life Evaluation Poll” in order to determine issues that may be in need of correction.

Made up of voluntary representatives from different company functions and locations, the “Employee Ambassadors Council” endeavors for making uninterrupted two-way communication with employees permanent, creating a strong, trusted and clear channel, and turning this into a lifestyle.

Based on the work = life balance, sports, cultural and social events as well as “Family Workshops” diversified in line with the requests and expectations of all employees are carried out in Akçansa under “Happiness Workshop” in cooperation with the Akçansa Clubs World. Clubs founded by the volunteered Akçansa employees organize activities in line with the requests of Akçansa employees.



As a part of the ‘People First’ strategy, offers various support opportunities to take care of the mental and physical health of its employees and their families.

With the Employee Support Program, Akçansa employees and their families are able to receive medical advice, proper nutrition and psychological support from specialist doctors and clinical psychologists on the 24/7 phone, and also benefit from face-to-face psychologist sessions free of charge for up to 12 sessions a year.



IIP “Gold Standard” for Akçansa’s HR management

As the only human-focused quality standard in the world focusing on all processes and practices for the development and management of human resources, the IIP process was completed after the field inspections of national and international evaluators and the interviews with all employee groups. Akçansa is the first company in Turkey to achieve a Gold accreditation in IIP 6th Generation. The IIP process was completed successfully as a result of the comparisons with 685 industrial companies in 75 countries following the process and field inspections by national and international evaluators and the interviews with all employee groups, and Akçansa received the Gold Standard. This result obtained as a company continuously investing in its employees showed that the real success can be achieved with believing and trusting teams. By being short-listed in two different categories in the fields of Leadership Development and Social Responsibility in the IIP Global Award organized in 2020, experienced the success of being the only company in Turkey.



YOU AT WORK

Providing employees with a positive workplace environment and conditions as they deserve, supporting gender equality in working life, increasing communication and synergies among employees and thereby strengthening its corporate culture by acknowledging the value of diversity are among the top priorities of Akçansa. Declaration of Equality at Work and the Global Compact / WEPS “Women Empowerment Principles” were signed in this context in 2013 and 2014.

Collaborations with various project partners focusing on women such as “Mom, Bring Me Milk” project launched in this context, as well as “Ladik Glass Workshop” and “We Again” giving an opportunity to turn the labor of housewives of Ladik into economic value by contributing to their production activities still continue. As one of 20 companies participating to the Domestic Violence Survey held within the scope of the Business Against Domestic Violence (BADV) project launched by the Sabancı

University with the support of UNFPA in 2013, Akçansa received BADV training of trainer in 2018 and has been the first company publishing “Social Gender Equality in Akçansa” policy in the Sabancı Group.

The policy establishes support mechanisms, as well as promises 30% women in the management of Akçansa. Following the search conference held related to turn BADV into a sustainable structure by the member companies, Akçansa has become one of 12 companies in the Founders’ Committee.

Held for field and office employees at three main locations (Istanbul, Çanakkale and Samsun) since 2018 and attended by approximately 200 Akçansa employees to date, the “Social Gender Equality” workshops still continue.

‘From Us To Those Who Touch Goodness & Our Children’ Talent and Success Scholarship

Akçansa supports talented and successful children of Akçansa employees and provides education scholarship to them in cooperation with the Akçansa employees so that these children can start their dreams one step ahead. The successful and talented children of Akçansa employees selected according to the criteria determined by TOÇEV are provided with a TRY 6,000 scholarship per scholarship student for the academic year of 2019/2020. The success scholarship in the project covers 12th grade students, while the talent scholarship covers all educational levels from primary school to university. Scholarship students will continue to be supported until they graduate from university as long as they meet the success criteria. With a system where the volunteered Akçansa employees can support the scholarship pool with their financial contributions, we touch the lives of the children who worth a favor. The number of scholars, which was 16 in the academic year of 2019/2021, continues as 19 in the period of 2020/2021



Talent and Continuous Development Talent Acquisition



As the sector's leader and most admired company, Akçansa, in line with its HR strategy, aims to enhance its strength by getting to know and creating strong bonds with potential employees who love their work and who want to be a part of Akçansa. When recruiting and hiring people, the company makes no inquiries whatsoever concerning such issues as religion, language, race, creed, gender, physical condition, or life choices and engages in no practice whatsoever that might be perceived as being discriminatory.

In line with its "Choose the right person for the right job" principle, Akçansa decides whether job applicants are qualified or not as a result of a process that involves multiple observations and objective criteria that include value based interviewing, personality inventorying, and foreign language competency testing. The importance attached to growth and development with young talents is reinforced with "Let's Shape The Future Together" recruitment and rotation program launched in 2018. It is aimed that the new recruits learn about the operation and structure of all departments of Akçansa for six months within the scope of the program. "Let's Shape the Future Together" youth recruitment program continues to back up the positions needed within the scope of Akçansa's regularly reviewed talent pool.

The second of the talent acquisition and rotation program 'We Are Shaping the Future Together' took place in 2020 and New Generation Field Engineers joined Akçansa through passing from different selection stages.

Following the site visits, potential and talent-based interviews, technical interviews and senior management presentations, the company continues its rotation and development journeys. Akçansa has been cooperating with ITU Chemical Engineering for 11 years in accordance with the priority it gives to the development of young people. In addition to the individual and general orientation programs for quickly adapting them to the processes and corporate culture, the new recruits are also supported with field visits, Buddy practice, orientation module, and "Akçansa Universe" specially designed with virtual reality (VR) technology launched in 2018 as a first in the sector.



High Performance Culture



The performance management system that provides important inputs in terms of human resources management includes a process in which company goals are degraded to team and individual goals and integrated into individual competencies and effectively managed throughout the year.

The Akçansa performance management process begins at the start of each new year when employees and their supervisors sit down together to identify the year's individual and corporate objectives and continues for the rest of the year.

In the continuous performance period, it is aimed to ensure the continuity and development of high-performance teams with goal tracking activities and target or competency-based feedbacks.

In 2020, Perf-x Performance System, a more flexible and user-friendly platform, was launched in order to develop a high performance and feedback culture. With the new generation performance system Perf-x; instant and 360 degrees feedbacks can be provided, milestones of goals can be followed and year-end performance evaluation results can be viewed as comparative analysis

Training & Development Management

As embodied in its “My Development Is Primarily My Responsibility” maxim, whose aims are to foster the corporate culture the company wants, to realize business goals and strategies, and to reveal employees’ potential, Akçansa provides its employees with the development tools for experience based learning, projects, talent activity, competency and technical fields to achieve that development. Besides the in-house training that is provided, Akçansa employees may also take advantage of a variety of extramural training opportunities provided by Akçansa’s business partners (HeidelbergCement, Sabancı Holding, Sabancı University, ÇEİS). Within the scope of the Industry Leaders development program, launched for Sabancı Holding Industry and Cement Group companies in cooperation with Sabancı University EDU, technology and business models are taken into consideration and the field engineers and managers are empowered on team and process management.

In 2020, total 31.224 hours of training were provided in Akçansa and the average training time per person was realized as 31 hours.

Leadership Development

While managing the business and teams with coaching, visionary and democratic leadership approaches, it is the utmost priority of the executives to focus on the development of Akçansa Family with shared vision, mission

and values, building up trust, and ensuring a positive work environment with a transparent and continuous communication.

The goal of the Leadership Meetings, Leadership Style Survey, Organizational Climate Survey and Leadership Development Program conducted every year in Akçansa is to support the continuous improvement of executives’ leadership skills. Akçansa’s Feedback & Coaching approach is an important part of its sustainable management. To ensure the effectiveness of this approach, employees are supported by means of continuous development programs.

Akçansa meets young generations with experienced leaders through Career Plane Tree (Kariyer Çınarı) Internal Mentorship Program with EMCC accreditation, strengthen their leadership talents through Leadership Development Program held in cooperation with ÇEİS, Koç University and Sabancı University and grows the leaders of the future through X-Celerate, X-Posure and TP-X development programs realized in cooperation with Sabancı Holding.

As Akçansa, we strengthen the sharing and participation among Akçansa members with our practices that we combine experience and the new generation through bringing them together and look for the better, the best, and we continue to move forward courageously into the future. With the “Shadow Excom” application, new generation Akçansa members participate in business and decision processes, find the chance to express their ideas on a transparent and open platform, and present their decisions and decisions with courage. Another element that attaches importance for the leadership development in Akçansa is the planning and follow-up of backups for middle and senior management positions. Within this scope, through the Organizational Achievement Planning meetings held every year throughout the company, short-medium and long-term reserve lists are created and planned for middle and senior management positions. In 2020; the realization of the appointment rate as 87% for manager and higher positions in line with the succession plans indicates that the succession plans in questions have been created effectively and the leadership continuity of the company is handled with strategic priority.

Flexible and High Performance Human Resources

The aim is improving the digital human resources practices which strengthen the cooperation between departments and employees in line with the digital transformation strategy of Akçansa. HR Portal, which is used for increasing the effectiveness and efficiency of performance, development and learning process and improving the integration with other HR practices, offers a platform responding to the different expectations of the employees with its user-friendly interface allowing users to access at any place independently from the office. “Külçe Külçe Project Competition” and “Continuous Improvement Projects - CIPs” are organized in order to provide our employees the opportunity to put their innovative ideas at the best level and to enrich their experiences by developing a cooperation. Aiming to encourage projects that are compatible with Akçansa strategies through increasing cooperation between functions, Project Marketplace was launched in 2020. It aims to bring Akçansa's all projects that create value/provide cost advantage on a single platform and to include all employees in the projects they deem appropriate.



With Project Marketplace, Akçansa members can present their projects in a digital environment, create a team, and have the

opportunity to develop their skills and gain different experiences by participating in the projects they want. The outputs of the completed projects are shared by the project team at the Senior Management level, and their recognition is ensured inside and outside the company. In 2020, 6 projects and a project team of 70 people took an active role over the Project Marketplace.

Akçansa employees graduating as a Data Scientist and Data Engineer from the Sabancı Advanced Data Analytics Academy lead the digitalization projects of the company. Aiming to offer a unique working culture to its employees, Akçansa launched “Flexible Actions” in 2019. Within the scope of the Flexible Working Culture, the headquarters was renewed to support and encourage cooperation, while the relevant strategy is reinforced with 2-day remote work in a month, flexible working hours, birthday leave and flexible clothing practices.

Commendation and Recognition

Akçansa employees receive a basic salary within the scope of the remuneration policy, in line with levels of responsibility and scope of duty. Owing both to individual performance-based bonuses and to seniority-based pay supplements, the total amounts in the pay packets of employees at the same salary grade may differ from one another. However the company's remuneration policy stipulates that no employee may be treated differently because of their gender or any other personal attribute. In order to keep its remuneration policy and practices competitive, Akçansa has comparison studies performed among those of companies comparable to itself using internationally-accepted assessment methodologies. The fundamental tenets of the company's remuneration policy are to be fair, competitive, and compatible with generally-prevailing wage levels in Turkey while also rewarding superior performance. Employees' fringe benefits are also managed flexibly with Bflex so as to maximize effectiveness in line with requirements. A variety of appreciation and recognition methods are employed and such as “An evening with Akçansa”, “Special Reward for Performance”, “Executive Committee Special Appreciation Awards”, “OHS Leaders of the Year Awards” and “Seniority Plaques” in order to reward high-performing employees and teams.

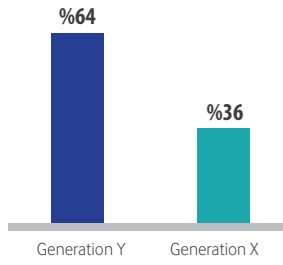
Industrial Relations

Akçansa regards the right to organize as a fundamental one. Company employees are at liberty to join labor and trade unions and to exercise and enjoy their membership rights. All blue-collar employees employed in Akçansa cement plants are union members

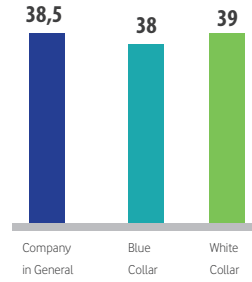
In this context, a collective bargaining agreement between the Cement, Ceramics, Clay Products, and Glass Industry Workers' Union (Çimselş) and the Cement Industry Employers'

Association (ÇEİS) covering the period January 1, 2020 to December 31, 2021 remains in effect.

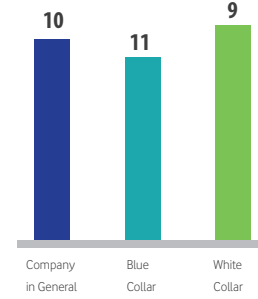
Demographics of Akçansa Employees



Average Age Distribution



Average Seniority Distribution (year)



Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi

Annual Activity Report

For the Period of January 01 – December 31, 2019

Contents

Independent Auditor Opinion Activity Report



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ON THE BOARD OF DIRECTORS' ANNUAL REPORT
ORIGINALLY ISSUED IN TURKISH**

To the General Assembly of Akçansa Çimento Sanayi ve Ticaret A.Ş.

1. Opinion

We have audited the annual report of Akçansa Çimento Sanayi ve Ticaret A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") for the 1 January - 31 December 2020 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Group's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set consolidated financial statements and with the information obtained in the course of independent audit.

2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Our Audit Opinion on the Full Set Consolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 19 February 2021 on the full set consolidated financial statements for the 1 January - 31 December 2020 period.

4. Board of Director's Responsibility for the Annual Report

Group management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") are as follows:

- a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;



- b) to prepare the annual report to reflect the Group's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Group may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
- c) to include the matters below in the annual report:
- events of particular importance that occurred in the Company after the operating year,
 - the Group's research and development activities,
 - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements of the Group and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited[consolidated] financial statements and with the information obtained in the course of audit.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Baki Erdal, SMMM
Partner

Istanbul, 19 February 2021

A) General Information

Company Name:	Akçansa Çimento Sanayi ve Ticaret A.Ş.
Headquarters Address:	Barbaros Mahallesi Kardelen Sokak No:2 D.124-125 Palladium Tower Ataşehir /İstanbul
Headquarters Telephone-Fax:	0216 571 30 00-0216 571 30 31
Company's trade registry number:	Istanbul Trade Registry Office, 129269
Mersis No.:	0229-0003-9470-0017
Company website:	www.akcansa.com.tr

Company is subject to registered capital system and its registered capital ceiling is TRY 500,000,000, and paid-in capital is TRY 191,447,068.25.

Report Period: January 1, 2020 - December 31, 2020

Sector of the Company:

Akçansa Çimento Sanayi ve Ticaret A.Ş. (shall be hereinafter referred to as "Akçansa" or "Company") and its subsidiary operate in the production of cement, clinker, ready-mixed concrete and aggregate.

Shareholding Structure:

	SHARE AMOUNT TRY	SHARE RATE %	NO. OF SHARES (QTY)
HEIDELBERGCEMENT AG.	76,035,135.41	39.72	7,603,513,541
HACI ÖMER SABANCI HOLDİNG A.Ş.	76,035,136.43	39.72	7,603,513,643
ABDULKADİR KONUKOĞLU	10,000,000.00	5.22	1,000,000,000
PUBLIC PART	29,376,796.41	15.34	2,937,679,641
GRAND TOTAL	191,447,068.25	100.00	19,144,706,825

Information on Preferential Shares

There is no privileged share available in our Company.

Board of Directors:

Tamer Saka, Chairman	29.03.2018-29.03.2021
Hayrullah Hakan Gürdal, Vice Chairman	29.03.2018-29.03.2021
Ahmed Cevdet Alemdar, Member	24.01.2020-29.03.2021
Dr. Carsten Sauerland, Member	06.07.2018-29.03.2021
Mehmet Sami, Independent Member	29.03.2018-29.03.2021
Dr. Markus C. Slevogt, Independent Member	29.03.2018-29.03.2021

Company's General Assembly has granted power to the Board Members to carry out the procedures set out in articles 395 and 396 of the Turkish Commercial Law.

Authorities and responsibilities of the Board of Directors and executives

The Articles of Association describes the Board of Directors' rights to govern and represent. The authorities and responsibilities of the managers is not explained in the Articles of Association of the company. These authorities and responsibilities are established by the Board of Directors.

Operating Principles of the Board of Directors

During period of January 1 2020 - December 31, 2020, the Board of Directors of the company met 87 times, of which four were conducted face-to-face and 83 were made with written approval in keeping with the Turkish Commercial Law and the provisions of the Articles of Association. The Board of Directors' agenda is determined as a result of the meetings held between the Chairman of the Board of Directors and the current Board Members and the General Manager. The agenda and the contents of the agenda items are compiled in a file by the preliminary informative committee and circulated to board members one week prior to the relevant meeting to allow time for necessary review and study.

During the meetings that were held between January 1, 2020 and December 31, 2020, there were no opposing views against the resolutions taken by the Board of Directors.

Board Members, save for those with a justifiable excuse, personally attended the board meetings. No questions were recorded in the minutes because no questions were posed by the Board Members. Board Members have not been granted weighted voting rights and/or veto rights on related decisions.

The Number, Structure and Independence of the Committees Established at the Board of Directors

As of the period of January 1, 2020 - December 31, 2020, an Audit Committee is in place reporting to the Board of Directors. Following the Ordinary General Assembly Meeting held on March 29, 2018, Independent Board Members Mehmet Sami and Dr. Markus C. Slevogt were appointed as the Chairman and the Member of the Audit Committee respectively. Pursuant to the CMB Communiqués, it was resolved to establish a Corporate Governance Committee and to appoint Independent Board Member Mehmet Sami as the Corporate Governance Committee Chairman, Independent Board Member Dr. Markus C. Slevogt and Dinçer Bulan, as of 04.09.2020, as the Corporate Governance Committee Members in accordance with the communiqué provisions. It was resolved to have this committee carry out the duties of the Nomination

committee and the Remuneration Committee as well. An Early Detection of Risk Committee was established, and Dr. Markus C. Slevogt and Mehmet Sami were appointed as the Chairman and the Member of the Early Detection of Risk Committee respectively. The Audit Committee, Corporate Governance Committee and Early Detection of Risk Committee perform their duties according to the internal regulations. There were no conflicts of interest in the Audit Committee during period of January 1, 2020 - December 31, 2020 due to current member structures.

The Audit Committee convenes at least four times a year with at least three-month intervals; it records the meeting minutes and submits them to the Board of Directors.

The Corporate Governance Committee convenes at least four times a year with at least three-month intervals; it records the meeting minutes and submits them to the Board of Directors.

Early Detection of Risk Committee convenes at least six times a year with two-month intervals. The reports containing information and results about the committee's work are approved, and then submitted to the Board of Directors.

The current operation principles of the committees are available on the corporate website.

Prior to Board of Directors' meetings, the Pre-notification Committee prepares detailed presentations, performing the necessary in depth studies regarding the matters that will be submitted for the approval of the Board of Directors.

Internal Audit Manager submits Corporate Governance Principles related reports to the Audit Committee Members.

Committees

Audit Committee:

Mehmet Sami, Chairman

Dr. Markus C. Slevogt, Member

Corporate Governance Committee

Mehmet Sami, Chairman

Dr. Markus C. Slevogt, Member

Dinçer Bulan, Member

Early Risk Identification Committee

Dr. Markus C. Slevogt, Chairman

Mehmet Sami, Member

Auditor:

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

Changes in the executive team, and names, last names and professional experience of the officers currently serving

Mehmet Zeki Kanadıkırık / General Manager (appointed as of 01.09.2020)

Zeki Kanadıkırık received his bachelor's degree from the Mechanical Engineering Department of the Middle East Technical University in 1987. Kanadıkırık completed the INSEAD TGM program in 2011. Zeki Kanadıkırık started his professional career at Çukurova Import in 1987 and served in various positions in Brisa from 1989 to 1995 and Lubrekip from 1995 to 1998. He continued his career as a project engineer at DUSA and then as Polymer Production and Auxiliary Operations Manager at Kordsa Turkey from 1998 to 2003 and worked at the Textile Service from 2003 to 2006. In 2006, he was appointed as Line-1 Production Manager at Kordsa Turkey, and he continued his career at Kordsa as Production Director from 2009 to 2010. He was appointed as Operations Director - Thai Indo Kordsa in 2010 and has served as the Deputy General Manager in charge of the Asia Pacific Region since 2015, and has been appointed as the General Manager of Akçansa as of 01.09.2020.

Umut ZENAR / General Manager (resigned on 01.09.2020)

Umut Zenar received his Bachelor's Degree from the International Relations Department of the Boğaziçi University in 2003 and completed his Executive MBA program in the Boğaziçi University in 2010. Zenar started his career as Assistant Business Development and Planning Specialist in Zorlu Energy Group in 2003, joined our Group in 2004 and acted as Sales Specialist, Marketing and Sales Planning Officer, Strategy and Business Development Manager, Business Development and Marketing Manager, Chief Sales and Marketing Officer, and finally General Manager of Akçansa, respectively, in Akçansa until December 2016. Umut Zenar served as General Coordinator in Oyak Cement Concrete Paper Group from December 2016 to June 2018. He was appointed on 09.07.2018, and **resigned on 01.09.2020**.

Gilles COVELLO / Assistant General Manager - Operations

Gilles Covello graduated from ENSI Clermont - Ferrand Chemical Engineering Department in 1991. Covello started his career in 1991 as Environment and Process Engineer in Ciments Français Gargenville Plant, and served as Quality and Kiln Manager in Calcia Beffes Plant from 1993 to 1996, and Production Manager in Beffes Plant, Assistant Plant Manager in Picton Plant, Production Manager in Bussac Plant, Development Manager in Bussac Plant, Production Manager in Couvrot Plant, Plant Manager in Bouin Plant, Plant Manager in Gargenville Plant, Plant Manager in Couvrot Cement Plants of Italcementi Group Calcia from 1996 to 2016, and finally Technical Director in charge of 5 integrated facilities with a capacity of 11MT/y in HeidelbergCement Suez Cement Egypt from 2016 to 2019.

Steffen SCHEBESTA / Assistant General Manager - Finance

Born in Germany in 1979, Steffen Schebesta graduated from Florida University Department of Business Administration in 2004, and received his master's degree on International Business Administration from the same university in 2005. Steffen Schebesta received his Chief Financial Analyst (CFA) Certificate in 2011. He joined HeidelbergCement in 2006 as Financial & Competition Analyst, and then acted as Investor Relations Manager from 2010 to 2014 and finally as Investor Relations Senior Manager since 2014. During this process, he significantly strengthened the relations with main investors and analysts.

Barış KARAHÜSEYİN/ Assistant General Manager - Sales & Marketing

After graduating from the Istanbul Technical University's Civil Engineering Department in 1996, Barış Karahüseyin has completed his MBA program at the Istanbul University in 2007. Karahüseyin started his career in 1998 as Facility Supervisor in Set Beton-Italcementi Group, and served as Regional Manager in Soyak Group-Tarçım from 2009 to 2010, Assistant General Manager in Boğaziçi Beton from 2010 to 2013, Strategy and Business Development Manager in Çimentaş from 2013 to 2015, Commercial Director in Çimentaş from 2015 to 2017, and Assistant General Manager (Sales & Marketing) and Executive Committee Member in Çimentaş from 2017 to

Changes in the executive team, and names, last names and professional experience of the officers currently serving (continued)

Assigned as the Assistant General Manager - Ready-Mixed Concrete and Aggregate as of 01.08.2018, Barış Karahüseyin is assigned as Assistant General Manager Sales & Marketing as of 01.08.2019.

Berrin YILMAZ / Assistant General Manager - Human Resources

Born in Ankara in 1971, Berrin Yılmaz graduated from the Middle East Technical University Business Administration Department in 1993. Yılmaz completed her MBA Master's Degree program in the Bilkent University in 1995. Yılmaz started her career in Eczacıbaşı Baxter as Human Resources Specialist in 1995, and then acted as Human Resources Manager in Eczacıbaşı Baxter from 1998 to 2006, Human Resources Director in Roche İlaç from 2006 to 2015, General Manager in Atrain GmbH from 2015 to 2017, and Human Resources Director in Sabancı Holding from 2017 to 2018. She is appointed as the Chief Human Resources Officer as of 01.07.2018.

Ümit ÇETİN / Assistant General Manager - Procurement and Logistics

Ümit Çetin graduated from Bilkent University Banking and Finance Department in 2006. Ümit Çetin respectively worked at Ernst&Young as Auditor in 2007-2008, at Hayat Holding as Internal Auditor in 2008-2009, at Olmuksa as Internal Audit Executive in 2009-2012 and at Çimsa as Internal Audit Manager in 2012-2015, and at Çimsa as Vice GM – Supply Chain in 2015-2019.

Mustafa TURAN / Plant Manager - Büyükçekmece Plant

After graduating from Istanbul Technical University Mechanical Engineering Department in 1985, Mustafa Turan received his postgraduate degree from the department of the same university in 1985. He started his career in 1989 as Cement Production Engineer of Çimsa's Mersin Plant. From February 2005 to October 2018, he acted as Product Manager in Kayseri Plant, Plant Manager in Kayseri, and Plant Manager in Eskişehir and Ankara, respectively.

Ömer Sinan GENÇ / Plant Manager - Çanakkale Plant

Born in 1980 in Samsun, Ömer Sinan Genç graduated from Ege University Department of Chemical Engineering in 2002. Since 2007, he served as Production Engineer in Ladik Plant, Semi-Finished Good Supervisor in Büyükçekmece Plant and Production Manager in Büyükçekmece Plant in our company. He was appointed as Plant Manager of Ladik on 02.10.2017, and then appointed as Plant Manager of Çanakkale on 15.10.2018.

Devrim Özgür DEMİR / Plant Manager - Ladik Plant

Born in 1970, Özgür Demir graduated from Anadolu University Chemical Engineering Department in 1994. He started his career in 1997 as Quality and Production Engineer in Habaş Industrial and Medical Gases company, and acted as Production & Maintenance Supervisor in Karçimsa and as Clinker Production Supervisor in Çanakkale Plant, Production Manager in Ladik Plant and Quality Manager in Büyükçekmece Plant, respectively, from August 1997 to October 2018. He was appointed as the Plant Manager of Ladik Plant as of 15.10.2018.

Personnel and labor movement, collective labor agreement practices, and rights and benefits provided to the personnel and workers

As of December 31, 2020, the consolidated number of employees (at Akçansa and Karçimsa) is 1,016.

Validity of 2-year collective labor agreement, which was covering the period of 01.01.2018 to 31.12.2019, has ended on December 31, 2019, and the collective labor agreement negotiations for the new term covering 01.01.2020 to 31.12.2021 between Cement Industry Employers' Association (ÇEİS) and Çimse-İş Labor Union have resulted positively.

The negotiations for the new term collective bargaining agreement that will be concluded by and between ÇEİS (Cement Industry Employers' Association) to which we belong and T. Çimse-İş Labor Union that began on December 18, 2019 resulted in the agreement of the parties and were consummated on January 31, 2020 for 2 years. In line with the provisions of Collective Bargaining Agreement signed;

Personnel and labor movement, collective labor agreement practices, and rights and benefits provided to the personnel and workers (continued)

The outcomes of the agreement are summarized below;

- For the 1st year of the agreement, an increase of 12.84 percent, valid through 01.01.2020, has been applied to the naked hourly wages applicable on 31.12.2019 of the workers, who are working for the company on 01.01.2020 and whose labor agreement is valid on the date the collective bargaining agreement is signed.

- For the 2nd year of the agreement, an increase in the rate of CPI of the previous year will be applied to the naked hourly wages applicable on 31.12.2020 of the workers, who are working for the company on 01.01.2021 and whose labor agreement continues. Pursuant to the collective agreement, seniority bonuses are being paid in the months coinciding with the completion of each employee's five-year seniority term.

Prohibition on doing business or competing with the company

During the period of January 1, 2020 - December 31, 2020, Board Members did not enter any transaction with the company or engage in any activity that constitutes competition in the same areas of activity of the company.

Financial Rights

During the period of January 1, 2020 - December 31, 2020, the company did not lend money to any of the Board Members, nor did it issue a line of credit, extend the terms of debts or credits, or improve their conditions, issue line of credit under the name of personal loan through a third party, or give guarantees such as indemnities in their favor. At the Ordinary General Assembly meeting held on March 25, 2020, it was resolved to pay a monthly remuneration of TRY 13,000 to the Board Members. Tamer Saka, Hayrullah Hakan Gürdal, Dr. Carsten Sauerland and Ahmed Cevdet Alemdar have all waived the receivables that have arisen and will arise until the end of their terms of office from the fees to accrue by virtue of the Ordinary General Assembly resolution for the payment of a monthly fee of TRY 13,000 to the members of the Board of Directors.

The company has established a Remuneration Policy for the Board Members and Executives, and has disclosed it to the public on the corporate website.

Executive members' remuneration

	January 1- December 31, 2020
Short term benefits provided to executive management	8,147,096
Post-employment benefits	128,735
Other long term benefits	315,423
Total income	8,591,254
SGK employer's share	382,406

Research and development activities

Akçansa continues its activities in new product development, product optimization studies, pre-sales and after sales technical support, training, giving course and seminars at universities for cement and concrete technologies, technical trips organized for students, supporting cement and concrete related researches at the universities, exhibition and poster studies and national/international scientific publications (statements), etc. in cooperation with

universities, public entities, industrial NGOs and Heidelberg Technology Center.

Important Completed R&D Projects

- Researching the Use of Mineralizers Clinker Production (Tübitak Teydeb Project)
- Researching the Hydration Reactions and Its Impacts on Cement (in cooperation with the Sabancı University)
- Establishing the Criteria on Use of Recycled Items from Constructions and Debris Waste (Tübitak Teydeb Project)

Research and development activities (continued) **Important Completed R&D Projects (continued)**

- Considering Microalgae as Fuel and as CO₂ Catcher in Cement Production Process (Tübitak Teydeb Project)
- Development of High Performance Cement and Concrete Products for the 3rd Bosphorus Bridge (Yavuz Sultan Selim Bridge) Project
- Development of High Consistency Protected and Performance Cement and Concrete Products for Large Infrastructure Projects
- Development of High Consistency and Performance Concrete Products for High Rise Buildings
- Development of High Performance Cement and Concrete Products for the 1915 Çanakkale Bridge Project
- Project for Monitoring Concrete Samples with RFID Tag (in cooperation with the companies Ankaref and Vuruşkan)
- Concrete Road Project Compacted with Macro Synthetic Fiber Cylinder (in cooperation with the Boğaziçi University and Kordsa)
- Project for Designing Cement and Concrete with Advanced Thermal Properties
- Monitoring System of Concrete Strength with Sensors in Instant Digital Environment (by Tablet or Smartphone) (SmartBeton)

Important R&D Projects Completed in 2020:

- Tracking of Quality Control Parameters in Cement Production with Advanced Data Analytics
- Performance Analysis of Cement Grinding Additives
- Life Cycle Analysis for Ready-Mixed Concrete Standard and Special Products and Obtaining EPD (Environmental Product Declaration) Documents

Ongoing R&D Projects:

- Use of Activated Natural Minerals as a Substitute to Cement (in cooperation with the Sabancı University)
- Nuclear Shielding Performance Concrete Project (in cooperation with the Turkish Atomic Energy Authority)
- Investigation of Using Alternative Mineral Additives in Cement and Concrete Production and Low Carbon / Clinker Production Technologies

In the Technology Center Laboratory, a total of 1652 concrete tests were carried out for R&D projects, raw material performance in the concrete phase, optimization and special product studies in 2020. Performed tests;

- Specialty product tests,
- Aggregate performance tests,
- Cement performance tests,
- Cement performance tests,
- Mineral additive tests, and
- Project-specific solution tests.

Developments in the industry and main factors affecting the industry

In the first 11 months of 2020, cement production increased by 24.9 percent compared to the previous year. Approximately 23 percent of the cement produced was exported. In the 11 months of 2020, domestic sales increased by 20.7 percent and cement exports increased by 43.9 percent year-on-year.

According to TurkStat data, in the first 11 months of 2020, Ukraine had the highest increase in cement and clinker exports, with the highest export countries were the United States, Ghana, Israel, Ivory Coast, Syria and Ukraine.

The economic crisis and the global pandemic in our country had a profound effect on the construction industry, leading to a significant drop in cement consumption. Rising prices in production inputs and rising exchange rates have had a serious impact on costs. Factories, which had the potential to respond to this adverse situation, sought to make up for domestic sales by increasing exports. The return to normal, which began in June, has brought signs of revival in the construction industry. Domestic sales in November 2020 increased by 29 percent year-on-year.

Compared to the previous year, the number of construction permits granted by the municipalities increased by 73.7 percent, while the surface area increased by 58.1 percent, the number of apartments increased by 97.9 percent, and the value increased by 76.1 percent. Compared to the previous year, the number of occupancy permits granted by the municipalities decreased by 23.5 percent, while the surface area decreased by 22.8 percent, the number of apartments decreased by 22.3 percent, and the value decreased by 15.3 percent. Throughout Turkey, the house sales in November 2020 has decreased by 18.7 percent year-on-year.

Developments in the industry and main factors affecting the industry (continued)**Production and our production capacities**

Our plants and facilities work with the following capacities.

PLANT CAPACITIES (metric tons/year)	Cement Production Capacity	Clinker Production Capacity	Operating Capacity
Büyükçekmece	2,527,776	1,943,000	-
Çanakkale	5,500,000	4,450,000	-
Ladik	1,013,760	643,500	-
Ambarlı	-	-	745,200
Aliağa	-	-	224,400
Yalova	-	-	384,000
Karşımsa	98,720	41,500	

Area of business of the company and its position in the market

Akçansa is the most prominent player in Turkey's cement sector. With this leadership comes the responsibility of moving both the industry and its reputation forward.

As a leading company, Akçansa deems itself responsible for increasing the values created for society and its stakeholders and for providing sustainable growth.

Full compliance with the legislation is of utmost importance for Akçansa. In this context, environmental permits of our Büyükçekmece and Ladik Plants were renewed to be valid through 2023, and the environmental permit of our Çanakkale Plant was renewed to be valid through 2024. In addition to this, ISO 14001:2015 Environmental Management System audit of all three factories were completed successfully in 2018. The environmental audit performed by the HeidelbergCement expert at the Çanakkale plant in May was also successful. Environmental permit processes of our ready-mixed concrete, aggregate, port and terminal facilities are also carried out in compliance with the legislation.

With its principle of sustainable growth and business goals, Akçansa carries out its activities by planning them in the best manner first. The Company, which has transparent, open and continuous communication with all its stakeholders in both business applications and social responsibility projects, converts its activities into value-adding communication projects and has become a reputable company.

Akçansa aims to advance its existing powerful relationships with its social partners in order to perpetuate its leadership. Akçansa, which makes one of the largest investments in society and in its social stakeholders, is rewarded with the prestige of making such an investment.

Giving assistance to the regions where it operates, making a contribution to growth with its plants and facilities and developing public projects in areas such as sports, education and culture are some of the ways for the Company to demonstrate its determination to create social value.

Akçansa has fully accepted and adopted the principles of sustainable development and performance culture. Akçansa's competitive power, financial performance and innovative technology that extends from specialty products to using alternative fuels and raw materials, their respect for the environment, their work on social responsibility projects and advanced applications in the area of human resources have all been combined to continuously emphasize their leadership in the sector.

Awarded with "Golden Standard" in its first application and assessment in "IIP - Investors in People", the first and only international human resources standard, in 2016 for its leading efforts in the field of human resources, Akçansa has ranked first in its sector, 4th in Turkey and within 7% of the organizations in the entire world. In 2019, following the field reviews of domestic and foreign reviewers, and the surveys and interviews with all employee groups, the Company was entitled to receive this standard for the second time. Akçansa is the first company in Turkey and among its shareholders to achieve a Gold accreditation in IIP 6th Generation.

While Akçansa utilizes the country's natural resources through industrial investments and contributes to the economy with employment, production and exports, they also use the resources obtained through industrial and commercial activities to create value in the areas of culture, sports, arts, education and the environment.

Area of business of the company and its position in the market (continued)

Akçansa applies the highest standards in all of its processes - from using alternative fuel and raw materials to displaying sensitivity in protecting the environment, as well as in work safety and ethics.

Regular measurements are performed instantly 24/7 for the dust and all gas emissions in the chimneys with the Continuous Emission Measurement System (CEMS) installed on all main chimneys in the plants. In addition to this, Accredited organizations perform regular measurements each year to inspect compliance with all legal requirements in regards to all filters in the plants, as well as dust and gas emissions in the chimneys. Also, measurements are made quarterly and reported to the Ministry of Environment and Forestry in regards to the furnaces where waste materials are burned.

The Akçansa Büyükçekmece Plant is the first plant in Turkey to have built specially designed waste feeding systems, which are able to feed both waste oils and tires automatically. The plant is increasingly using alternative fuels by burning contaminated waste and other similar waste.

The laboratory began operations in the Akçansa Büyükçekmece Plant at the start of 2008. This required the purchase of the necessary equipment to build an alternative fuel and raw material laboratory, in which analysis can be performed as stipulated by the law and regulations concerning waste management. The plant also houses an R&D department and laboratory that provide services for all cement and ready-mixed concrete production operations of the company.

Within the scope of university cooperation, Betonsa has provided material analysis and consultancy support to several postgraduate and PhD theses to date.

As part of the R&D operations, studies with significant results, which have been published in national and international scientific publications, were carried out with the universities, suppliers, customers and public authorities. In addition to this, several joint projects have been implemented to support the sector's development in cooperation with the Turkish Ready-Mixed Concrete Association Members.

Betonsa continues to organize periodic training programs for its customers, construction companies, producers of concrete components, civil engineers, audit companies, engineers and technicians joining from domestic and central authorities, and university students. Training subjects include concrete technology and its durability, as well as the importance of maintenance and curing. Additionally, information on current issues such as concreting techniques in cold and hot weather conditions are shared.

Investment-related developments, and status and level of using incentives, if any

The company possesses no investment incentive certificate as of 2020.

As of December 2020, total consolidated investment expenditures were TRY 122.5 million.

Our Investments:

- In order to increase the export capacity of the Çanakkale plant, we launched the “Ship Loading Capacity Increase Project” in 2018 and completed it in the first quarter of 2019, and the obstacles in our export processes have been eliminated.
- In 2019, we continued to reinforce the structures at our Çanakkale and Büyükçekmece plants that do not meet the current specifications in accordance with new earthquake specifications. The clinker silo at the Çanakkale plant and the clinker stock room at the Büyükçekmece plant have been reinforced. Another clinker silo was reinforced at the Çanakkale plant in the first quarter of 2020. Our reinforcement work continues at our Büyükçekmece plant, completing the third raw mill and adjacent buildings. Additionally, the Çanakkale plant has completed the second line raw material silo reinforcement projects and is in the tender phase.

- As part of the de-dusting projects at the Çanakkale Plant, the first furnace clinker stock room filtration systems were replaced with new ones and their construction was completed in 2020.
- The first furnace of the Çanakkale Plant was revised in the first quarter of 2020 and the furnace's lantern pinion and ring replacement operations were performed. Furthermore, corroded gas pipes has been replaced, making the furnace more efficient.
- A second furnace second tower flue gas fan replacement project was initiated to reduce the production-specific electrical energy at the Büyükçekmece Plant.

Investment-related developments, and status and level of using incentives, if any (continued)

A domestic fan manufacturer won the tender within the scope of the related project. The investment was completed and the desired efficiency was achieved.

- We continue to work on investment feasibility studies for improving our alternative fuel usage rate at all of our plants. The project to burn ship waste oil in the furnaces at the Büyükçekmece Plant has been completed successfully, and these wastes are now burned regularly as part of the contract signed with İstaç.
- We continue to invest in Occupational Health and Safety and the Environment at all our plants.
- Within the scope of ready-mix concrete investment projects, efforts were made on new legal regulations regarding occupational health and safety and the environment in the facilities.

Corporate Governance and Sustainability Principles

Akçansa Çimento Sanayi ve Ticaret A.Ş. has exercised due diligence in implementing the principles stated in the "Corporate Governance Principles" published by the Capital Market Board (CMB) during the accounting period between 01.01.2020 and 31.12.2020.

Our Company aims to implement practices that comply with the Corporate Governance Principles in shareholders' rights, public disclosure, transparency, and resolutions and transactions concerning the stakeholders and the Board of Directors. In this regard, the main objectives of our Company are to implement and execute these principles as per the responsibility to inform all shareholders and the principles of corporate governance.

Akçansa Çimento Sanayi ve Ticaret A.Ş. has exercised due diligence in implementing the principles stated in the "Corporate Governance Principles" published by the Capital Market Board (CMB). No conflict of interest occurred between the Company and its stakeholders regarding the non-mandatory and non-fully compliant principles.

Prepared pursuant to the CMB Resolution No. 2/49 dated 10.01.2019, the 2019 Corporate Governance Compliance Report (CCGR) and the Corporate Governance Information Form (CGIF) have been published on the Public Disclosure Platform in compliance with the new reporting formats of Akçansa Çimento Sanayi ve Ticaret A.Ş. The most recent announcements about the Corporate Governance Compliance Report (CCGR) and the Corporate Governance Information Form (CGIF) can be found at the following link:

- <https://www.kap.org.tr/tr/sirket-bilgileri/ozet/838-akcansa-cimento-sanayi-ve-ticaret-a-s>

Akçansa strives to achieve full compliance with the Sustainability Principles Compliance Framework, which was prepared according to the amendment made by the Capital Markets Board on 02.10.2020, and it has achieved great compliance due to previous years' work in this field. Furthermore, it plans to continue its efforts to improve compliance with the mandatory principles in 2021 by taking into account the interests of all stakeholders, particularly the shareholders. The Sustainability Principles Compliance Report, which certifies compliance with the principles of the Capital Markets Board (CMB) Compliance Framework for Sustainability Principles, is available at <http://www.akcansa.com.tr/surdurulebilirlik/raporlarimiz/>.

VISION

To achieve a sustainable growth beyond all borders within the construction materials industry as a company trusted by all stakeholders and offering the most preferred business model.

MISSION

With our culture of dedication for social, environmental, legal and ethical values, to BECOME A PIONEERING CONSTRUCTION MATERIALS COMPANY THAT IMPROVES THE QUALITY OF LIFE, by creating value for our customers through innovative products, services and solutions;

for our stakeholders, through superior financial performance; and for our employees, who make up the backbone of our operations, through constant development opportunities and our business model.

The Board of Directors hold discussions with the stakeholders to define the strategic objectives of the company for the next three years. Furthermore, the annual budgets prepared as part of these strategic objectives, which are approved by the Board of Directors.

The Board of Directors are well informed of the implementation processes of decisions made in line with comparative presentations made to company officials during meetings. These presentations contain comparisons of the current year's budget and the actual results, as well as the comparison of the same periods of previous years, to be presented to the Board of Directors.

MISSION (continued)

The Board of Directors repeats this process at least four times a year.

Public Disclosure and Transparency

Being a publicly traded company requires fulfilling its responsibilities of public disclosure and transparency. As per Public Disclosure and Transparency Principles and our Disclosure Policy, the Central Registry Agency does not implement any e-Company and investors are provided access to "Information Society Services". You can access to the Information Society services on mkk.com.tr e-Company Information portal or from the Information Society Services section under Investor Relations on our website www.akcansa.com.tr.

It is also available in the English version of the Company's registered website at www.akcansa.com.tr. This section has been provided for the international investors.

As of the twelfth month of 2020, 2 in-house visits, 6 teleconference calls and 1 analyst presentations were performed. The scheduled analyst meetings had to be cancelled due to the Covid-19 pandemic.

Under the Corporate Governance Principles, the company maintains a website accessible to all shareholders and investors at www.akcansa.com.tr. The site contains the topics stated in the Corporate Governance Principles. The corporate website covers information such as corporate presentations, products and services, management systems, financial indicators, annual reports, an investor center, financial statements, information policy, environmental activities, social responsibility activities and human resources.

The main content of the website is as follows:

- ✓ Detailed information on corporate identity
- ✓ Vision and Mission
- ✓ Information on the Board Members and the executive team
- ✓ Organization and shareholding structure of the company
- ✓ Articles of Association of the company
- ✓ Trade registry information
- ✓ Financial data
- ✓ Press releases
- ✓ Material Event Disclosures

- ✓ Date and agenda of the General Assembly, explanations of the agenda items
- ✓ Minutes of the General Assembly and the attendance list
- ✓ Sample proxy form
- ✓ Corporate Governance practices and compliance report
- ✓ Profit distribution policy and its history, and capital increases
- ✓ Disclosure Policy
- ✓ Related party transactions report
- ✓ Remuneration Policy for the Board Members and the Executives
- ✓ Frequently Asked Questions

Profit Distribution Policy of our Company:

Company's Profit Distribution Policy;

Akçansa Çimento Sanayi ve Ticaret A.Ş. Profit Distribution Policy has been set pursuant to the provisions of the TCL, the CMB legislation, and other legislation, as well as the Articles of Association provisions with regard to profit distribution, and in keeping with the middle and long-term strategies, and investment and financial plans of Akçansa Çimento Sanayi ve Ticaret A.Ş. by taking into consideration the country's economy and the industry's state, and by pursuing a balance between the shareholders' expectations and the company's needs.

Although the General Assembly adopted a decision to determine the amount of profit to be distributed, it has resolved to distribute at least 50 percent of the distributable profit in cash and/or as bonus share.

While it was resolved to distribute shares equally and as soon as possible regardless of the whole share amount, and their issue and acquisition dates; distribution shall be made to shareholders at the date determined by the General Assembly following its approval within stipulated legal periods.

Pursuant to Article 33 of the Articles of Association, if authorized by the General Assembly, it shall also be possible to distribute advance profits to shareholders with the resolution of the Board of Directors.

The General Assembly shall be authorized to transfer a certain part or all of the net profits as excess reserve fund. In the event that the Board of Directors of Akçansa Çimento Sanayi ve Ticaret A.Ş. proposes to the General Assembly not to distribute profit, at the General Assembly meeting, shareholders shall be provided information on the reasons and the manner of use of the undistributed profits.

Profit Distribution Policy of our Company: (continued)

Similarly this information shall be available to the public in the annual report and the corporate website.

Profit distribution policy shall be submitted for the approval of the shareholders at the General Assembly Meeting. The Board of Directors reviews this policy every year in line with any adversities in the national and global economic conditions, and the state of current projects and funds. Any changes made to the policy shall be submitted for the approval of the shareholders at the first General Assembly following the changes and shall be disclosed to the public at the corporate website.

Profit Distribution Policy was submitted for the information of the shareholders at the General Assembly on March 26, 2014.

Human Resources Policy

Believing that the value attached to the human resources plays the biggest role in the success achieved and considering its employees in the foundation of all of its operations, Akçansa adopts the target of

having the practices ensuring continuous development and high performance, having a qualified labor, setting an example in the industry, and always being the preferred employer.

Akçansa brings its employees together under the identity of being an “Akçansa member.” thanks to a partnership between Sabancı Holding and HeidelbergCement, employees enjoy a trust and respect for each other in a climate that nurtures employee satisfaction and productivity, along with modern human resources practices.

Akçansa establishes human resources strategies and objectives by taking into consideration the national and global economic environment, and the individual conditions specific to the cement, ready-mixed concrete and aggregate sectors and port business, as well as the company’s business goals.

In Akçansa's equal work environment, candidates are under no circumstances asked to provide information regarding their religion, language, race, denomination, gender, physical state or lifestyle preferences. All practices that may be perceived as discriminatory are avoided. To date, the company has not received any negative feedback from employees with regard to discrimination.

The group collective bargaining agreement that was signed for the period of 01.01.2018-31.12.2019 between the Union of Cement Industry Employers (ÇEİS), which we are a member of, and T.Çimse-İş Union was terminated, and a new group collective bargaining agreement was concluded on 31.01.2018 for the period of 01.01.2020-31.12.2019.

Risk Management and Internal Control Mechanism

Pursuant to CMB communiqués on Determination and Implementation of Corporate Governance Principles, the Corporate Governance Committee has been established; according to the provisions of the communiqué, it has been resolved to appoint Independent Board Members Mehmet Sami as the Chairman of the Corporate Governance Committee, Dr. Markus C. Slevogt and, as of 04.09.2020, Dinçer Bulan as the Corporate Governance Committee Members, and to empower the Committee to also carry out the duties of the Nomination and the Remuneration committees.

An Internal Audit Manager and Internal Audit Specialist serve in the company. Objectives and principles behind their activities are clearly described below. With the creation of the Audit Committee, they effectively fulfill the tasks assigned thereto by the Board of Directors within the framework of the Audit Committee Bylaws.

Risk management is based on describing and monitoring all potential risks to which our company may be exposed. The company and its executives classified all potential risks upon which necessary precautions have been adopted therefor. These include: all types of financial risks such as asset-liability, credibility, capital/ indebtedness, exchange rate risks and risk factors that may directly influence the financial position of the company; natural risks, in relation to which all facilities are insured to minimize the risk posed by natural disasters such as fire, earthquake, and so on, which may affect the performance of the company. The SAP system is employed to prevent any loss of data and ensure systems are unaffected in the event of a disaster. This system allows instant tracking of operating results, as well as measurement and processing, aiding the decision support processes. Representing a key technological utility, the SAP enhanced the efficiency of the internal control mechanism by eliminating human errors. Furthermore, emphasis is put on investments such as the company back-up system.

In parallel with the risk management and control system in place at our shareholders Hacı Ömer Sabancı Holding A.Ş. and HeidelbergCement Group, effective risk management processes have been devised and launched. Corporate Risk Manager provide information to the Early Detection of Risk Committee with periodic reports within the company.

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi**Annual Report for the Accounting Period of January 1, 2020 - December 31, 2020**

		Compliance Status					Explanation
		Yes	Partially	No	Exempted	Not Applicable	
	1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
	1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
	1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
	1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
	1.3. GENERAL ASSEMBLY						
	1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
	1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	There is no process on the subject.
	1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
	1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
	1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.			X			The General Assembly meeting is not held as open to the media for security and time management reasons.

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi

Annual Report for the Accounting Period of January 1, 2020 - December 31, 2020

	Compliance Status					
	Yes	Partially	No	Exempted	Not Applicable	Explanation
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	Our company does not have a partnership in mutual participation relationship.
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			It is not regulated in the Articles of Association, as well as the provisions of the TCC and CMB provisions are applied.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.		X				Website: www.akcansa.com.tr The issues specified in the Corporate Governance Principles are included. The corporate website is also available in English. This section is also prepared for the benefit of international investors.

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi**Annual Report for the Accounting Period of January 1, 2020 - December 31, 2020**

		Compliance Status					
		Yes	Partially	No	Exempted	Not Applicable	Explanation
	2.2. ANNUAL REPORT						
	2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities	X					
	2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2	X					
	3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
	3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles	X					
	3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
	3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
	3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner	X					
	3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
	3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
	3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi**Annual Report for the Accounting Period of January 1, 2020 - December 31, 2020**

		Compliance Status					Explanation
		Yes	Partially	No	Exempted	Not Applicable	
	3.3. HUMAN RESOURCES POLICY						
	3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
	3.3.2 - Recruitment criteria are documented.	X					
	3.3.3 - The company has a policy on human resources development, and organises trainings for employees	X					
	3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
	3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
	3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
	3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
	3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
	3.3.9 - A safe working environment for employees is maintained.	X					
	3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
	3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
	3.4.2 - Customers are notified of any delays in handling their requests.	X					
	3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
	3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
	3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
	3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
	3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi**Annual Report for the Accounting Period of January 1, 2020 - December 31, 2020**

	Compliance Status					
	Yes	Partially	No	Exempted	Not Applicable	Explanation
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.			X			The company does not have a policy on this issue.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi**Annual Report for the Accounting Period of January 1, 2020 - December 31, 2020**

	Compliance Status						Explanation
	Yes	Partially	No	Exempted	Not Applicable		
4.4. BOARD MEETING PROCEDURES							
4.4.1-Each board member attended the majority of the board meetings in person.	X						
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X						
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X						
4.4.4 - Each member of the board has one vote.	X						
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X						
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X						
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X					Members of the Board of Directors may take other duties outside the company. It is not bound by certain rules and not limited.
4.5. BOARD COMMITTEES							
4.5.5 - Board members serve in only one of the Board's committees.		X					As per the structure of the Board of Directors and due to the obligations required by the CMB Legislation, one member compulsorily participates in more than one committee.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X						
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.			X				Consultancy service has not been received.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X						

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi**Annual Report for the Accounting Period of January 1, 2020 - December 31, 2020**

		Compliance Status					Explanation
		Yes	Partially	No	Exempted	Not Applicable	
	4.6. FINANCIAL RIGHTS						
	4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
	4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
	4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				Salaries, premiums and similar benefits and total payments to senior executives are disclosed to the public in the annual report and in the footnotes of the financial statements. Since the remuneration given to the Members of the Board of Directors is determined by the decision of the General Assembly, an explanation is made on an individual basis. Payments to managers who have administrative responsibilities are made in accordance with remuneration policies, taking into account performance criteria. Since this information is personal information, it cannot be disclosed on an individual basis, as it creates conflict with another legislation.

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi

Annual Report for the Accounting Period of January 1, 2020 - December 31, 2020

Corporate Governance Information Form

1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	As of the end of the 12th month, 2 Inhouses (office visits), 6 teleconferences and 1 analyst meeting were held in 2020.
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	No special auditor requests were made.
The number of special audit requests that were accepted at the General Shareholders' Meeting	No special auditor requests were made.
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/tr/Bildirim/821876
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	No It is not published simultaneously. However, there are English versions of the necessary documents in the English section of our website.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There is no transaction without unanimity.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1)	There are no Related Party transactions under Article 9.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1)	https://www.kap.org.tr/tr/Bildirim/861191
The name of the section on the corporate website that demonstrates the donation policy of the company	Investor Center/Corporate Governance/Donation and Aid Policy at our website www.akcansa.com.tr
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/425038
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Articles of Association Article 28 General Assembly Internal Directive: http://www.akcansa.com.tr/investor-center/institutional-management/Akçansa General Assembly Internal Directive
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Company shareholders and representatives, members of the Board of Directors, auditor of the Company, General Manager and personnel preparing the General Assembly attended the General Assembly.
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	-
The percentage of ownership of the largest shareholder	39,72%
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi

Annual Report for the Accounting Period of January 1, 2020 - December 31, 2020

If yes, specify the relevant provision of the articles of association.	There is no regulation regarding minority rights.
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Investor Center/Corporate Governance/Profit Distribution Policy on our website www.akcansa.com.tr
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	Profit distribution was made.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	Profit distribution was made.

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	It is included in the Investor Center-Corporate Identity section of the company's corporate website www.akcansa.com.tr .
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	It is included in the Investor Center-Corporate Identity-Shareholding Structure section of the company's corporate website www.akcansa.com.tr .
List of languages for which the website is available	Turkish/English

Corporate Governance Information Form

2.2. Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	General Information section of the 2020 Annual Report, the section stating the authorities and responsibilities of the members of the Board of Directors and managers, and the the section stating Number, Structure and Independence of the Committees Established within the Board of Directors
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	"General Information", "Board of Directors" and "The Number, Structure and Independence of the Committees Established at the Board of Directors" sections of the 2020 Annual Report
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Section of the 2020 Annual Report including Operating Principles of the Board of Directors
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	-
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Section of the 2020 Annual Report including lawsuits filed against the company
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	-

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi

Annual Report for the Accounting Period of January 1, 2020 - December 31, 2020

f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	It has no mutual participation.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Section including 2020 Annual Report Staff and worker movements, collective bargaining agreement practices, rights and benefits provided to staff and workers, and Human Resources Policy

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi

Annual Report for the Accounting Period of January 1, 2020 - December 31, 2020

Corporate Governance Information Form

3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	-
The number of definitive convictions the company was subject to in relation to breach of employee rights	3
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Akçansa Çimento Sanayi ve Ticaret A.Ş. Internal Audit and Compliance Department
The contact detail of the company alert mechanism.	etik@akcansa.com.tr - etik@sabanci.com / - 0212- 385 85 85-216-571 30 00
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies.	-
Corporate bodies where employees are actually represented	Labor Union
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	The management succession planning is reviewed annually and presented to the chairman of the Board of Directors.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	-
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership programme
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy	It is found under the heading at http://www.akcansa.com.tr/sustainability/businessethics-rules . It is unacceptable to discriminate among employees within the organization for language, race, color, gender, political thought, belief, religion, sect, age, physical disability and similar reasons. A positive and harmonious working environment that supports cooperation is created and conflict environments are prevented, so that people with different beliefs, thoughts and opinions work in harmony.
The number of definitive convictions the company is subject to in relation to health and safety measures	1

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi

Annual Report for the Accounting Period of January 1, 2020 - December 31, 2020

Corporate Governance Information Form

3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	http://www.akcansa.com.tr/en/investor-center/Corporate Governance/Our Code of Business Ethics
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues	It is included under the heading of Akçansa and Social Responsibility at http://www.akcansa.com.tr/ .
Any measures combating any kind of corruption including embezzlement and bribery	Anti-bribery and anti-corruption policy under http://www.akcansa.com.tr/ investor center/Corporate Governance section
4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	17.02.2021
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	Tamer Saka - Chairman of the Board of Directors, Hayrullah Hakan Gürdal - Vice Chairman of the Board of Directors, Carsten Sauerland - Board Member
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	4
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Risk Management and Internal Control Mechanism in the 2020 Annual Report and the Company's sources of finance and risk management policies
Name of the Chairman	Tamer Saka
Name of the CEO	Mehmet Zeki Kandadıkırık
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	The Chairman of the Board of Directors and the General Manager are different individuals.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	Group insurance has been made regarding the responsibilities of the Members of the Board of Directors, but there has been no PDP announcement.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	There is no policy published on our website in this regard.
The number and ratio of female directors within the Board of Directors	-

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi

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Corporate Governance Information Form

Composition of Board of Directors							
Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link to PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
Tamer Saka	No	No	29.03.2018		No	-	Yes
Hayrullah Hakan Gürdal	No	No	1.09.2014		No	-	Yes
Carsten Sauerland	No	No	6.07.2018		No	-	Yes
Ahmed Cevdet ALEMDAR	No	No	24.01.2020		No	-	Yes
Mehmet Sami	No	Yes	29.03.2018	https://www.kap.org.tr/tr/Bildirim/662851	Yes	No	Yes
Markus C. Slevogt	No	Yes	29.03.2018	https://www.kap.org.tr/tr/Bildirim/662851	Yes	No	Yes

4. BOARD OF DIRECTORS-II	
4.4. Meeting Procedures of the Board of Directors	
Number of physical board meetings in the reporting period (meetings in person)	4
Director average attendance rate at board meetings	100%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	14 days
The name of the section on the corporate website that demonstrates information about the board charter	http://www.akcansa.com.tr/investor-center/ Corporate Identity / Article of Association
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	None
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented	2020 Annual Report - Number, Structure and Independence of the Committees Formed within the Board of Directors
Link(s) to the PDP announcement(s) with the board committee charters	It has not been published on the public disclosure platform and is available on our Corporate Website under http://www.akcansa.com.tr/Investor Center-Corporate Governance .

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi**Annual Report for the Accounting Period of January 1, 2020 - December 31, 2020****Corporate Governance Information Form**

Composition of Board Committees-I				
Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee		Mehmet Sami	Yes	Board member
Audit Committee		Markus C. Slevogt	No	Board member
Corporate Governance Committee		Mehmet Sami	Yes	Board member
Corporate Governance Committee		Markus C. Slevogt	No	Board member
Corporate Governance Committee		Diğer Bulan	No	Not board member
Committee of Early Detection of Risk		Markus C. Slevogt	Yes	Board member
Committee of Early Detection of Risk		Mehmet Sami	No	Board member

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi**Annual Report for the Accounting Period of January 1, 2020 - December 31, 2020****Corporate Governance Information Form**

4. BOARD OF DIRECTORS-III	
4.5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	2020 Annual Report - Number, Structure and Independence of the Committees Formed within the Board of Directors
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	2020 Annual Report - Number, Structure and Independence of the Committees Formed within the Board of Directors
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	2020 Annual Report - Number, Structure and Independence of the Committees Formed within the Board of Directors
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	2020 Annual Report - Number, Structure and Independence of the Committees Formed within the Board of Directors
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	2020 Annual Report - Number, Structure and Independence of the Committees Formed within the Board of Directors
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Information about the sector in which the business operates and its place in this sector
Specify the section of website where remuneration policy for executive and non-executive directors are presented	The Company's Remuneration Policy for Board Members and Senior Managers is available under the Investor Center - Corporate Governance heading at www.akcansa.com.tr
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Section on Total of Financial Rights and Fees and Benefits of Senior Management Staff of the 2020 Annual Report

Composition of Board Committees-II					
Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number of Reports on its Activities Submitted to the Board
Audit Committee		100%	100%	4	4
Corporate Governance Committee		100%	67%	4	4
Committee of Early Detection of Risk		100%	100%	6	6

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Annual Report for the Accounting Period of January 1, 2020 - December 31, 2020

AKÇANSA ÇİMENTO SANAYİ A.Ş. SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

Category	Principle and Code	Code Explanation	Compliance Status	Explanation	Link (if existing)
General	A1. Strategy, Politics and Targets	The Board of Directors determines ESG material issues, risks and opportunities and creates ESG policies accordingly. In terms of the effective implementation of these policies; In-partnership directives, business procedures etc. Can be prepared. The Board of Directors takes decisions for these policies and makes them public.	Partial Compliance	The BoD, which is at the top of the Sustainability Organization, provides information on ESG issues at certain intervals per year. The BoD determines its sustainability vision and regularly monitors the developments on ESG agenda issues.	http://www.akcansa.com.tr/docs/SR2018-2019.pdf
		Company determines the Partnership Strategy appropriate to the ESG policies, risks and opportunities. It determines the short and long term goals in line with the partnership strategy and ESG policies and makes them public.	Full Compliance	2020 Sustainability Goals are available.	http://www.akcansa.com.tr/docs/SR2018-2019.pdf
	A2. Application/ Follow Up	Company determines the committees / units responsible for the implementation of ESG policies and makes them public. The responsible committee / unit reports the activities carried out within the scope of the policies to the Board of Directors at least once a year and in any case within the maximum periods determined for the public disclosure of the annual activity reports in the relevant regulations of the Board.	Full Compliance	The BoD, which is at the top of the Sustainability Organization, provides information on ESG issues at certain intervals per year.	http://www.akcansa.com.tr/docs/SR2018-2019.pdf
		Company creates and publicly discloses implementation and action plans in line with the short and long term goals determined.	Partial Compliance	The 2020 Sustainability Goals and the improvement over the years are given, but there is no action plan description.	http://www.akcansa.com.tr/docs/SR2018-2019.pdf
		Company determines ESG Key Performance Indicators (KPI) and explains them on a yearly basis. In the presence of verifiable data, it presents KPIs with local and international sector comparisons.	Partial Compliance	The 2020 Sustainability Goals and the development status by years are given, but there is no local and international sector comparison.	http://www.akcansa.com.tr/docs/SR2018-2019.pdf
		Explain the innovation activities that improve the sustainability performance for business processes or products and services.	Full Compliance	It is explained in the Sustainability Report.	http://www.akcansa.com.tr/docs/SR2018-2019.pdf
	A3. Reporting	Company reports its sustainability performance, goals and actions at least once a year and makes it public. Explains the information on sustainability activities within the scope of the annual report.	Partial Compliance	Sustainability Report is published every 2 years. Every year, voluntary participation is provided to CDP climate change and water management programs.	http://www.akcansa.com.tr/docs/SR2018-2019.pdf http://www.akcansa.com.tr/docs/2019climatedata.pdf http://www.akcansa.com.tr/docs/2019waterdata.pdf
		It is essential to share information, which is important for stakeholders in understanding the position, performance and development of the partnership, in a direct and concise manner. It can also explain detailed information and data on the corporate website, and prepare separate reports that directly meet the needs of different stakeholders.	Full Compliance		http://www.akcansa.com.tr/docs/SR2018-2019.pdf http://www.akcansa.com.tr/docs/2020-Q3.pdf
		Company takes maximum care in terms of transparency and reliability. It objectively explains all kinds of developments about material issues in disclosures and reporting within the scope of the balanced approach.	Full Compliance		http://www.akcansa.com.tr/docs/SR2018-2019.pdf
		Company gives information about which of the United Nations (UN) 2030 Sustainable Development Goals its activities are related to.	Full Compliance		http://www.akcansa.com.tr/docs/SR2018-2019.pdf
		Company makes an explanation regarding the lawsuits filed and / or concluded against environmental, social and corporate governance issues.	Partial Compliance	In the event of lawsuits that may seriously affect the operations of the company, the details of the cases can be included in the annual report within the framework of public disclosure principles.	
	A4. Validation	If verified by independent third parties (independent sustainability assurance providers), company discloses its sustainability performance measurements to the public and endeavors to increase such verification processes.	Partial Compliance	Sustainability performance measurements are not verified.	http://www.akcansa.com.tr/docs/SR2018-2019.pdf
Environment	B.Environmental Principles	Company explains policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs in the field of environmental management.	Full Compliance		http://www.akcansa.com.tr/docs/SR2018-2019.pdf http://www.akcansa.com.tr/docs/2019climatedata.pdf http://www.akcansa.com.tr/docs/2019waterdata.pdf
		Company complies with environmental laws and other relevant regulations and explains them.	Full Compliance		http://www.akcansa.com.tr/docs/SR2018-2019.pdf
		Company explains the limitations of the environmental report to be included in the report to be prepared within the scope of the Sustainability Principles, reporting period, reporting date, data collection process and reporting conditions.	Full Compliance		http://www.akcansa.com.tr/docs/SR2018-2019.pdf
		Company describes the highest level responsible, relevant committees and tasks in the partnership on the issue of environment and climate change.	Full Compliance		http://www.akcansa.com.tr/docs/SR2018-2019.pdf http://www.akcansa.com.tr/docs/2019climatedata.pdf http://www.akcansa.com.tr/docs/2019waterdata.pdf
		Company describes the incentives it offers for the management of environmental issues, including the achievement of objectives.	Full Compliance		http://www.akcansa.com.tr/docs/SR2018-2019.pdf
		Company explains how environmental problems are integrated into business goals and strategies.	Full Compliance		http://www.akcansa.com.tr/docs/SR2018-2019.pdf http://www.akcansa.com.tr/docs/2019climatedata.pdf http://www.akcansa.com.tr/docs/2019waterdata.pdf
		Company explains the sustainability performance of business processes or products and services and the activities to improve this performance.	Full Compliance		http://www.akcansa.com.tr/docs/SR2018-2019.pdf
		Company explains how it manages environmental issues along the partnership value chain and integrates suppliers and customers into its strategies, not just in terms of direct operations.	Full Compliance		http://www.akcansa.com.tr/docs/SR2018-2019.pdf
		Whether company is involved in policy-making processes on environmental issues (sectoral, regional, national and international); It explains the cooperation it has made with	Full Compliance		http://www.akcansa.com.tr/docs/SR2018-2019.pdf

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Annual Report for the Accounting Period of January 1, 2020 - December 31, 2020

		the associations, related organizations and non-governmental organizations it is a member of on the subject of environment, and the duties it has taken, if any, and the activities it supports.			
		Environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)), air quality, energy management, water and wastewater management, waste management, biodiversity impacts) reports information on its effects in a periodically comparable manner.	Full Compliance		http://www.akçansa.com.tr/docs/SR2018-2019.pdf http://www.akçansa.com.tr/docs/2019climatedata.pdf http://www.akçansa.com.tr/docs/2019waterdata.pdf
		Company describes the standard, protocol, methodology and base year details used to collect and calculate its data.	Full Compliance		http://www.akçansa.com.tr/docs/SR2018-2019.pdf http://www.akçansa.com.tr/docs/2019climatedata.pdf
		Company describes the status of environmental indicators for the reporting year (increase or decrease) in comparison with previous years.	Full Compliance		http://www.akçansa.com.tr/docs/SR2018-2019.pdf http://www.akçansa.com.tr/docs/2019climatedata.pdf
		Company sets short and long-term goals to reduce their environmental impact and explains these goals. It is recommended that these goals be determined based on Science as suggested by the United Nations Conference of the Parties on Climate Change. If there is progress in the reporting year according to the targets set before, it provides information on the subject.	Partial Compliance	Our goals have not yet been set Based on Science.	http://www.akçansa.com.tr/docs/SR2018-2019.pdf
		Company explains the strategy and actions to combat the climate crisis.	Full Compliance		http://www.akçansa.com.tr/docs/SR2018-2019.pdf http://www.akçansa.com.tr/docs/2019climatedata.pdf http://www.akçansa.com.tr/docs/2019waterdata.pdf
		Company describes the program or procedures to prevent or minimize the potential negative impact of the products and / or services it offers; explains the actions of third parties to reduce greenhouse gas emissions.	Full Compliance		http://www.akçansa.com.tr/docs/SR2018-2019.pdf http://www.akçansa.com.tr/docs/2019climatedata.pdf
		Company explains the actions taken to reduce its environmental impacts, the total number of projects and initiatives carried out, and the environmental benefits / benefits and cost savings they provide.	Full Compliance		http://www.akçansa.com.tr/docs/SR2018-2019.pdf http://www.akçansa.com.tr/docs/2019climatedata.pdf
		Company reports the total energy consumption data (excluding raw materials) and explains the energy consumption as Scope-1 and Scope-2.	Full Compliance		http://www.akçansa.com.tr/docs/SR2018-2019.pdf http://www.akçansa.com.tr/docs/2019climatedata.pdf
		Company provides information on electricity, heat, steam and cooling generated and consumed in the reporting year.	Full Compliance		http://www.akçansa.com.tr/docs/SR2018-2019.pdf http://www.akçansa.com.tr/docs/2019climatedata.pdf
		Company conducts studies on increasing the use of renewable energy, transition to zero or low carbon electricity and explains these studies.	Full Compliance	In our Çanakkale Factory, we generate some of our own electricity with the Waste Heat Power Generation Facility and Wind Turbine.	http://www.akçansa.com.tr/docs/SR2018-2019.pdf http://www.akçansa.com.tr/docs/2019climatedata.pdf
		Explain the renewable energy production and usage data.	Full Compliance		http://www.akçansa.com.tr/docs/SR2018-2019.pdf http://www.akçansa.com.tr/docs/2019climatedata.pdf
		Company makes energy efficiency projects and explains the amount of energy consumption and emission reduction thanks to these studies.	Full Compliance		http://www.akçansa.com.tr/docs/SR2018-2019.pdf http://www.akçansa.com.tr/docs/2019climatedata.pdf
		Company reports the amount of water withdrawn, used, recycled and discharged from underground or above ground, its sources and procedures (Total water withdrawal by source, water resources affected by water withdrawal; percentage and total volume of recycled and reused water, etc.).	Full Compliance		http://www.akçansa.com.tr/docs/SR2018-2019.pdf http://www.akçansa.com.tr/docs/2019climatedata.pdf
		Company explains whether operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).	Irrelevant	We operate in Turkey does not yet have carbon pricing practices.	http://www.akçansa.com.tr/docs/SR2018-2019.pdf http://www.akçansa.com.tr/docs/2019climatedata.pdf
		Company describes the carbon credit information accumulated or purchased during the reporting period.	Irrelevant	No accumulated or purchased carbon credits	http://www.akçansa.com.tr/docs/SR2018-2019.pdf http://www.akçansa.com.tr/docs/2019climatedata.pdf
		Company explains the details if carbon pricing is applied within the partnership.	Full Compliance	We publish a Sustainability Report and regularly participate in CDP climate change and water management programs.	http://www.akçansa.com.tr/docs/SR2018-2019.pdf
		Company explains all mandatory and voluntary platforms where it discloses environmental information.	Full Compliance		http://www.akçansa.com.tr/docs/SR2018-2019.pdf
Social	C1. Human and Employee Rights	The Universal Declaration of Human Rights, which Turkey has confirmed that the ILO Conventions and human rights in Turkey and company is committed to full compliance with the legal framework and regulations governing the operation of corporate life forms on Human Rights and Employee Rights Policy. Company discloses the policy in question and the roles and responsibilities associated with its implementation.	Non Compliance	There are studies and actions in line with our obligations under the laws and are not reported.	
		Company provides equal opportunity in recruitment processes. Considering the supply and value chain effects, it includes fair workforce, improvement of labor standards, women's employment and inclusion issues (such as women, men, religious belief, language, race, ethnic origin, age, disability, refugee, etc.) in its policies.	Full Compliance		http://www.akçansa.com.tr/docs/SR2018-2019.pdf http://www.akçansa.com.tr/yatirimci-merkezi/faaliyet-raporlari/
		Company describes the measures taken along the value chain for the protection of groups sensitive to certain economic, environmental, social factors (low income groups, women etc.) or minority rights / equality of opportunity.	Partial Compliance	These studies are carried out for a specific group within the scope and actions are reported.	http://www.akçansa.com.tr/docs/SR2018-2019.pdf http://www.akçansa.com.tr/yatirimci-merkezi/faaliyet-raporlari/

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Corporate Governance	C2.Stakeholders, International Standards, and Initiatives	Company reports developments regarding discrimination, inequality, human rights violations, forced labor, and corrective practices. Explain the regulations for not employing child labor.	Non Compliance	There are studies and actions in line with our obligations under the laws but are not reported.	
		Company explains policies regarding investment in employees (training, development policies), compensation, vested benefits, right to unionize, work / life balance solutions and talent management. Determines dispute resolution processes by creating mechanisms for employee complaints and dispute resolution. It regularly explains the activities carried out to ensure employee satisfaction.	Full Compliance		http://www.akcansa.com.tr/docs/SR2018-2019.pdf http://www.akcansa.com.tr/yatirimci-merkezi/faaliyet-raporlari/
		Company creates occupational health and safety policies and makes them public. Company explains the precautions and accident statistics taken to prevent work accidents and health.	Full Compliance		http://www.akcansa.com.tr/docs/SR2018-2019.pdf
		Company creates and publicly discloses personal data protection and data security policies.	Full Compliance		http://www.akcansa.com.tr/docs/SR2018-2019.pdf
		Company creates an ethical policy (including work, work ethics, compliance processes, advertising and marketing ethics, open information, etc.) and discloses it to the public.	Full Compliance		http://www.akcansa.com.tr/docs/SR2018-2019.pdf http://www.akcansa.com.tr/yatirimci-merkezi/faaliyet-raporlari/
		Company explains the work within the scope of social investment, social responsibility, financial inclusion and access to finance.	Full Compliance		http://www.akcansa.com.tr/docs/SR2018-2019.pdf
		Company organizes information meetings and training programs for employees on ESG policies and practices.	Full Compliance	Training and meetings are held regularly in accordance with the 14001 ESG and legislation.	http://www.akcansa.com.tr/docs/SR2018-2019.pdf
		Company carries out its activities in the field of sustainability by taking into account the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society and non-governmental organizations, etc.).	Full Compliance		http://www.akcansa.com.tr/docs/SR2018-2019.pdf
		Company regulates and publicly discloses a customer satisfaction policy regarding the management and resolution of customer complaints.	Full Compliance	Customer complaint and satisfaction policy is shared on the company's website within the scope of the integrated management system. There is also a dealer customer support line application.	http://www.akcansa.com.tr/wp-content/uploads/2015/05/politika-2019.pdf
		Company conducts stakeholder communication continuously and transparently; It explains which stakeholders, for what purpose, on what issue and how often it communicated, and the developments in sustainability activities.	Full Compliance		http://www.akcansa.com.tr/docs/SR2018-2019.pdf http://www.akcansa.com.tr/docs/2019climatedata.pdf
		Company publicly discloses the international reporting standards it has adopted (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Climate-Related Financial Disclosures Task Force (TCFD), etc.)	Full Compliance	We prepare our sustainability reports in accordance with the GRI basic format, and voluntarily participate in CDP climate change and water management programs.	http://www.akcansa.com.tr/docs/SR2018-2019.pdf
		Company declares public signatory or memberships of international organizations or principles (Equator Principles, United Nations Environment Program Finance Initiative (UNEP-FI), United Nations Global Principles (UNGC), United Nations Principles for Responsible Investment (UNPRI) etc.), international principles adopted (International Capital Market Association (ICMA) Green / Sustainable Bond Principles).	Full Compliance	UNGC participation is existing	http://www.akcansa.com.tr/docs/SR2018-2019.pdf
		Company makes concrete efforts to be included in Borsa Istanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices, etc.).	Full Compliance	Akcansa Cement is expected to be included in the list of companies subject to valuation for the 2021 BIST Sustainability Index.	
	D. Corporate Governance Principles	Company makes maximum effort to comply with all Corporate Governance principles as well as the mandatory Corporate Governance principles within the scope of the Capital Markets Board Corporate Governance Communiqué numbered II-17.1.	Full Compliance		https://www.kap.org.tr/tr/sirket-bilgileri/ozet/838-akcansa-cimento-sanayi-ve-ticaret-a-s
		Company takes into consideration the sustainability issue, the environmental impacts of its activities and the principles in this regard while determining its corporate governance strategy.	Full Compliance		http://www.akcansa.com.tr/docs/SR2018-2019.pdf
		As stated in the Corporate Governance Principles, company takes the necessary measures to comply with the principles regarding the stakeholders and to strengthen the communication with the stakeholders. It applies to the opinions of stakeholders in determining the measures and strategies in the field of sustainability.	Full Compliance		http://www.akcansa.com.tr/docs/SR2018-2019.pdf
		Company works on raising awareness on the issue of sustainability and its importance through social responsibility projects, awareness activities and trainings.	Full Compliance		http://www.akcansa.com.tr/docs/SR2018-2019.pdf
		Company strives to become a member of international standards and initiatives on sustainability and to contribute to studies.	Full Compliance		http://www.akcansa.com.tr/docs/SR2018-2019.pdf
		Company explains policies and programs for the fight against bribery and corruption and the principle of tax integrity.	Full Compliance		http://www.akcansa.com.tr/surdurulebilirlik/is-etigi-kurallarimiz/ http://www.akcansa.com.tr/docs/akcansa-rusvet-ve-yolsuzlukla-mucadele-politikasi.pdf

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Subsidiaries, affiliates and long term securities of the company

Company	Locations of operations	Shareholding structure	Share rate(%)
Karçimsa San. ve Tic. A.Ş.	Turkey	Subsidiary	50,99
Çimsa Çimento San. ve Tic. A.Ş.	Turkey	Affiliate	8,98
Altaş Ambarlı Liman Tes. A.Ş.	Turkey	Affiliate	14
Eterpark End. Ürl. İml. Tic. İth. İhr. ve Pazl. A.Ş.	Turkey	Affiliate	8,73
Liman İşletmeleri ve Nakliyecilik San. ve Tic. A.Ş.	Turkey	Affiliate	15
Arpaş Ambarlı Römorkaj ve Pilotaj Tic. A.Ş.	Turkey	Affiliate	16
Ambarlı Kılavuzluk A.Ş.	Turkey	Affiliate	16

The nature and amount of issued capital market instruments, if any

None.

Information on the own shares acquired by the company

During the period of January 1, 2020 - December 31, 2020, the company did not acquire its own shares.

Changes in the articles of association during the period and its reasons

No amendments were made to the Articles of Association of the Company between January 1, 2020 and December 31, 2020.

Information about the lawsuits filed against the company:

There are lawsuits filed against the company. These lawsuits are not cases that may affect the Company's financial status and activities.

Administrative or Judicial Sanctions Imposed on the Company and Members of the Management Body Due to Practices Against the Legislative Provisions

There are no administrative or judicial sanctions imposed on the company and members of the management body between 1 January 2020 and 31 December 2020 due to practices contrary to the provisions of the Legislation.

Information on Donations Made During the Year

In the 12-month period of 2020, a total of 4.599.013,38 TL aid and donation payments were made to public institutions and organizations, primarily educational institutions.

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi

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General Assembly Information

In 2020, the General Assembly was held on March 25, 2020, at the address of Sabancı Center 4.Levent / ISTANBUL with a quorum of 81.99% regarding the financial period of 2019. Announcement for invitation to the meeting was announced in the Turkish Trade Registry Gazette numbered 10027 on 02 March 2020. General Assembly Information Documents were presented to the shareholders on the Company website www.akcansa.com.tr three weeks before the meeting date. No agenda proposal was requested by the shareholders to be answered in writing. In the agenda of the meeting, there is an agenda item concerning an information item on donations made during the period and the determination of the donation and aid upper limit for the next financial period. At the Ordinary General Assembly Meeting held in 2020, all partners who wanted to speak were given the opportunity to speak and ask questions, and all questions were answered by the Chairman of the General Assembly without any time limit. In accordance with the article 1.3.5 of the Corporate Governance Principles (II-17.1) of the CMB, the questions asked and answers given at the General Assembly meeting were announced to the public on the Company website. The minutes of the General Assembly, the List of Attendees to the Meeting and the Amendment of the Articles of Association are kept open to the shareholders at www.akcansa.com.tr. The Ordinary General Assembly held on 25.03.2020 was registered on 03.04.2020 and announced in the Trade Registry Gazette numbered 10053 on 07.4.2020.

No Extraordinary General Assembly meeting was held between 01 January 2020 and 31 December 2020.

Resolutions which are deemed to be significant as per Turkish Commercial Code are presented for the approval of shareholders at the General Assembly.

Profit Distribution:

Depending on the legal status of the shareholders representing the capital of **191.447.068,25** TL from the 2019 profit, the transactions related to the distribution of a total of **46.330.190,52** (**24,20%** (gross) and **20,57%** (net)) profit shares have been completed as of **26.03.2020**.

Activity Information:

As of the end of December 2020, our domestic consolidated sales turnover decreased by 3% compared to the same period of the previous year and became 1.081 million TL. Our consolidated international sales turnover realized as TL 887 million by increasing by 26%.

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi**Annual Report for the Accounting Period of January 1, 2020 - December 31, 2020****Financial Position****Condensed Financial Statements**

Consolidated Statement of Financial Position		31 December 2020
Current Assets		1.036.792.286
Fixed Assets		1.395.063.825
Total Assets		2.431.856.111
Short-Term Liabilities		837.726.837
Long-Term Liabilities		387.077.017
Total Liabilities		1.224.803.854
Equity		1.207.052.257
Total Equity		2.431.856.111
Consolidated Income Statement		31 December 2020
Revenue		1.967.108.077
Cost of Sales (-)		(1.635.163.166)
Gross Profit		331.944.911
Real Operating Profit		183.661.393
Operating profit before financial expense		186.793.218
Pre-tax profit from continuing operations		145.852.441
Profit for the period from continuing operations		114.838.196
Profit for the period		114.838.196
<i>Operating Profitability</i>		<i>9,34%</i>
<i>Profitability for the Period</i>		<i>5,84%</i>

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi

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Financial Ratios (*)

LIQUIDITY RATIOS		31 December 2020
Current Ratio	Current Assets/Short Term Liabilities	1,24
Acid Test Ratio	(Current Assets-Inventories)/ Short Term Liabilities	1,02
Inventories/Current Assets	Inventories/Current Assets	0,17
Working Capital	Current Assets (excl. Cash and Cash Equivalents) - Short Term Liabilities (excl. Loans)	194.254.691
Financial Structure Ratios		
Financial Leverage	(Short Term + Long Term Liabilities)/Total Assets	0,50
Fixed Assets/Equity		1,16
Financial Liabilities/Equity		0,50
Net Financial Position	Cash and Cash Equivalents-Financial Liabilities	(289.110.093)
Profitability Ratios		
Asset Turnover	Net Sales/Total Assets	0,81
Gross Profit Margin	Gross Sales Margin/Net Sales	0,17
Return on Assets	Net Profit/Total Assets	0,05
Operating Income/Sales		0,09
Net Earnings per Share		0,60
Cash and Cash Equivalents		318.373.248
Financial Liabilities		607.483.341
Net Financial Position		289.110.093
Trade Receivables		442.284.699
Other Receivables		100.612.111
Inventories		180.076.748
Trade Payables		(443.905.096)
Other Payables		(60.283.484)
Net Operating Capital		218.784.978

(*) Obtained from consolidated financial table data

About the Affiliated Company Report issued under Article 199 of the Turkish Commercial Law

Conclusion Part of the Affiliated Company Report;

Pursuant to Article 199 of the Turkish Commercial Law No. 6102, conditions of widespread and regular product buying and selling transactions, which Akçansa goes into with Hacı Ömer Sabancı Holding A.Ş., HeidelbergCement AG, subsidiaries and the related organizations, have explained in relation to the market conditions by providing information on the methods and justification for the price determination. Concluded transactions are in compliance with precedents according to the stipulations regarding controlling companies in the related articles of the TCL No. 6102, and no losses have been incurred by joining the group companies.

Akçansa Board of Directors' report dated January 29, 2021 report shows that in all of the transactions that Akçansa performed in 2020 with its controlling shareholders and their subsidiaries, it has completed all required legal transactions and has taken the necessary measures within the scope of the responsibilities put on the Board of Directors as per Article 199 of the TCC No. 6102.

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi and Its Subsidiary

Consolidated financial statements as of
December 31, 2019 and independent auditors' report



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH**

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Akçansa Çimento Sanayi ve Ticaret A.Ş.

A. Audit of the consolidated financial statements

1. Our opinion

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

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

2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent 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.



4. Other matters

The consolidated financial statements of the Group as of 31 December 2019 and for the year then ended were audited by another audit firm whose audit report dated 20 February 2020 expressed an unqualified opinion.

5. 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.

6. Auditor's responsibilities for the audit of the consolidated financial statements

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

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements 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 independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in 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.

Key Audit Matters	How the key audit matter was addressed in the audit
<p>Goodwill impairment</p> <p>The carrying value of goodwill which are accounted for under indefinite-life intangible assets amounted to TL 130 million, in the consolidated financial statements as of 31 December 2020. In accordance with TFRS, these indefinite-life intangible assets should be tested for impairment annually.</p> <p>Goodwill are material to the consolidated financial statements. In addition, significant judgements and estimates are used in the impairment tests performed by management. These are, for goodwill impairment tests; earnings before interest, tax, depreciation and amortization ("EBITDA") growth forecasts, long term growth rates and discount rates. The outcome of such estimates is very sensitive to changes in market conditions. Therefore, these impairment tests are key matters for our audit.</p> <p>Please refer to notes 2.3 and 12 to the consolidated financial statements for the relevant disclosures, including the accounting policy and sensitivity analysis.</p>	<p>We performed the following procedures in relation to the impairment tests of goodwill:</p> <ul style="list-style-type: none"> • Evaluating the appropriateness of the Cash Generating Units ("CGUs") determined by management, • Evaluating management forecasts and future plans based on macroeconomic information, in addition to the understanding of Group's performance by taking the impact of Covid 19 pandemic into consideration, • Comparing forecasted cash flows for each CGU with its historical financial performance, • Through involvement of our internal valuation specialists, assessing the reasonableness of key assumptions, including long term growth rates, discount rates benchmarking these against rates used in the industries, • Testing of the setup of the discounted cash flow models and their mathematical accuracy, • Assessing management's sensitivity analysis for key assumptions, • Testing of the disclosures in the consolidated financial statements in relation to indefinite-life intangible assets and evaluating the adequacy of these disclosures for TFRS' requirements. <p>We had no material findings related to the impairment tests of indefinite-life intangible assets as a result of these procedures.</p>

Key Audit Matters	How the key audit matter was addressed in the audit
<p>Fair value of financial assets</p> <p>In the consolidated financial statements for financial assets held by the Group as of 31 December 2020 accounted with their fair values amounting to TL 265,745,133. Value increases regarding the fair value of financial assets are recognized in comprehensive income.</p> <p>The fair value of financial assets has been calculated by an expert team of the management.</p> <p>Significant judgements and estimates are used in the fair value calculation performed by management. These are; earnings before interest, tax, depreciation and amortization ("EBITDA") growth forecasts, long term growth rates and discount rates. The outcome of such estimates is very sensitive to changes in market conditions. Therefore, these fair value of financial assets are key matters for our audit.</p> <p>The reason why we focused on this issue;</p> <ul style="list-style-type: none"> • The determination of fair value consists data which are not easily observable in the market and are determined by an expert, • The calculation of fair value is affected by market conditions, • Significance of financial assets amounts in the consolidated financial statements. <p>Please refer to notes 2.3 and 5 to the consolidated financial statements for the relevant disclosures.</p>	<p>We performed the following procedures in relation to the fair value calculation of financial assets:</p> <ul style="list-style-type: none"> • The methods and technical data used in the fair value report prepared by the expert team have been examined. • Evaluating management forecasts and future plans based on macroeconomic information, in addition to the understanding of Group's performance by taking the impact of Covid 19 pandemic into consideration, • Tested the mathematical accuracy of the calculations used in the fair value report. • Comparing forecasted cash flows for each CGU with its historical financial performance, • Through involvement of our internal valuation specialists, assessing the reasonableness of key assumptions, including long term growth rates, discount rates and royalty rates and benchmarking these against rates used in the industries, • Among the audit procedures we have performed, we have assessed whether the assumptions used by valuation experts in their valuation are within an acceptable range, such as the real discount rate. For this evaluation, fair value calculation experts of another company included in our audit process. <p>We had no material findings related to the impairment tests of indefinite-life intangible assets as a result of these procedures.</p>



- Assess the 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 independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

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 provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also 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. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2020 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 19 February 2021.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

A handwritten signature in blue ink, appearing to read "Baki Erdal", is positioned above the printed name.

Baki Erdal, SMMM
Partner

Istanbul, 19 February 2021

		Current period (Audited)	Prior period (Audited)
Assets	Notes	December 31 ,2020	December 31 ,2019
Current Assets			
Cash and cash equivalents	4	318.373.248	152.041.813
Trade receivables	7	442.284.699	369.076.028
- Trade receivables from related parties	26,7	21.213.805	53.372.783
- Trade receivables from third parties	7	421.070.894	315.703.245
Other receivables	8	52.430.276	51.697.568
- Other receivables from related parties	26,8	387.254	131.105
- Other receivables from third parties	8	52.043.022	51.566.463
Inventories	9	180.076.748	181.225.628
Prepaid expenses	16	43.627.315	8.868.687
Total current assets		1.036.792.286	762.909.724
Non-current assets			
Financial investments	5	265.745.133	159.966.650
Other receivables	8	4.554.520	3.829.453
- Other receivables from third parties	8	4.554.520	3.829.453
Property, plant and equipment	10	852.847.828	826.102.634
Intangible assets	11,12	174.448.815	172.585.673
- Goodwill	12	130.080.869	130.080.869
- Other intangible assets	11	44.367.946	42.504.804
Right of use assets	14	90.879.125	81.649.082
Prepaid expenses	16	5.334.849	1.615.967
Deferred tax assets	24	1.253.555	1.087.305
Total non-current assets		1.395.063.825	1.246.836.764
Total assets		2.431.856.111	2.009.746.488

The accompanying accounting policies and explanatory notes form an integral part of these consolidated financial statements.

Liabilities	Notes	Current period (Audited) December 31, 2020	Prior period (Audited) December 31, 2019
Current liabilities			
Short-term borrowings	6	323.257.636	252.939.281
- Liabilities from financial loans	6	313.562.490	244.106.126
- Financial lease debts	6	9.695.146	8.833.155
Short-term portion of long-term financial liabilities		2.746.093	2.719.393
Trade payables	7	443.905.096	355.755.945
- Trade payables to related parties	26, 7	94.204.963	93.834.045
- Trade payables to third parties	7	349.700.133	261.921.900
Liabilities for employee benefits	8	7.534.528	8.712.867
Other payables	8	17.057.883	12.810.643
- Other payables to third parties	8	17.057.883	12.810.643
Deferred income	8	14.946.592	2.536.025
-Current income tax liabilities	24	10.026.771	4.611.524
Short-term provisions	13	18.252.238	9.074.176
- Provisions for short-term employee benefits	13	10.610.379	4.540.864
- Other short-term provisions	13	7.641.859	4.533.312
Total current liabilities		837.726.837	649.159.854
Non-current liabilities			
Long-term borrowings	6	281.479.612	220.795.794
- Liabilities from financial loans	6	200.000.000	150.000.000
- Financial lease debts	6	81.479.612	70.795.794
Long-term provisions	13, 15	63.478.397	57.285.603
- Provisions for long-term employee benefits	15	58.938.345	52.852.264
- Other long-term provisions	13	4.540.052	4.433.339
Deferred tax liability	24	42.119.008	41.431.249
Total non-current liabilities		387.077.017	319.512.646
Total liabilities		1.224.803.854	968.672.500
Equity			
Equity attributable to parent		1.195.352.970	1.028.887.397
Paid-in share capital	17	191.447.068	191.447.068
Adjustments to share capital		233.177.582	233.177.582
Other comprehensive income/expense not to be reclassified to profit or loss		(25.960.864)	(23.223.675)
Remeasurement gains/(losses)		(25.960.864)	(23.223.675)
- Gain/(losses) on remeasurements of defined benefit plans		(25.960.864)	(23.223.675)
Other comprehensive income/expense to be reclassified to profit or loss		213.411.203	112.921.644
Remeasurement/Reclassification gains/(losses)		213.411.203	112.921.644
- Gain/(losses) on financial assets measured at fair value through other comprehensive income		297.643.058	268.702.218
Restricted reserves		170.591.530	170.642.103
Prior years' income		115.043.393	75.220.457
Profit for the period			
Non-controlling interests		11.699.287	12.186.591
Total equity		1.207.052.257	1.041.073.988
Total liabilities and equity		2.431.856.111	2.009.746.488

The accompanying accounting policies and explanatory notes form an integral part of these consolidated financial statements.

		Current period (Audited) January 1 – December 31, 2020	Prior period (Audited) January 1 – December 31, 2019
	Notes		
Revenue	18	1.967.108.077	1.826.105.824
Cost of sales (-)	18	(1.635.163.166)	(1.573.110.547)
Gross profit from business activities		331.944.911	252.995.277
Gross profit		331.944.911	252.995.277
General administrative expenses (-)	19	(92.552.123)	(82.462.345)
Marketing expenses (-)	19	(17.340.831)	(23.328.261)
Other operating income	21	27.426.999	35.522.356
Other operating expenses (-)	21	(65.817.563)	(34.168.083)
Operating profit		183.661.393	148.558.944
Gains from investment activities (net)	22	3.131.825	70.632.403
Operating profit before financial income/ (expense)		186.793.218	219.191.347
Financial income	23	57.097.118	23.100.545
Financial expense (-)	23	(98.037.895)	(154.978.074)
Profit before tax		145.852.441	87.313.818
Tax income/(expense)		(31.014.245)	(12.345.052)
- Current income tax expense	24	(35.097.363)	(6.807.220)
- Deferred tax income/(expense)	24	4.083.118	(5.537.832)
Profit for the period from continuing operations		114.838.196	74.968.766
Profit for the period		114.838.196	74.968.766
Attributable to:			
Non-controlling interests		(205.197)	(251.691)
Equity holders of the parent		115.043.393	75.220.457
Earnings per share (Kr)	25	0,601	0,393
Diluted earnings per share (Kr)	25	0,601	0,393
Earnings per share from continuing operations (Kr)	25	0,600	0,392
Weighted average number of shares		19.144.706.825	19.144.706.825

The accompanying accounting policies and explanatory notes form an integral part of these consolidated financial statements.

		Current period (Audited)	Prior period (Audited)
		January 1 – December 31, 2020	January 1 - December 31, 2019
	Notes		
Profit for the period		114.838.196	74.968.766
Other comprehensive income/(expense):			
Items not to be reclassified to profit or loss (non-reclassified)		(2.737.189)	(4.700.090)
- Actuarial gains/(losses) arising from defined benefit plans	15	(3.421.486)	(5.875.113)
- Deferred tax income	24	684.297	1.175.023
Items to be reclassified to profit or loss (classified)		100.489.559	17.405.960
- Gain/(losses) on financial assets measured at fair value	5	105.778.483	18.322.063
through other comprehensive income			
- Deferred tax income	24	(5.288.924)	(916.103)
Other comprehensive income (after tax)		97.752.370	12.705.870
Total comprehensive income		212.590.566	87.674.636
Attributable to:			
Non-controlling Interests		(205.197)	(251.691)
Equity holders of the parent		212.795.763	87.926.327

The accompanying accounting policies and explanatory notes form an integral part of these consolidated financial statements.

	Non-reclassified		Reclassified		Retained Earnings					
	Paid-in share capital	Adjustment to share capital	Gains/(losses) on re- measurement of defined benefit plans	Gains/(losses) on financial assets measured at fair value through other comprehensive income	Restricted reserves	Prior years' income	Profit for the period	Equity holders of the parent	Non- controlling interests (Note 17)	Total shareholders' equity
Balance at January 1, 2019	191.447.068	233.177.582	(18.523.585)	95.515.684	243.290.154	170.869.425	177.897.040	1.093.673.368	13.892.682	1.107.566.050
Transfers	-	-	-	-	25.412.064	152.484.976	(177.897.040)	-	-	-
Total comprehensive income/(expense)	-	-	(4.700.090)	17.405.960	-	-	75.220.457	87.926.327	(251.691)	87.674.636
Profit for the period	-	-	-	-	-	-	75.220.457	75.220.457	(251.691)	74.968.766
Other comprehensive income/(expense)	-	-	(4.700.090)	17.405.960	-	-	-	12.705.870	-	12.705.870
Dividends paid (Note 25)	-	-	-	-	-	(152.712.298)	-	(152.712.298)	(1.454.400)	(154.166.698)
Balance at December 31, 2019	191.447.068	233.177.582	(23.223.675)	112.921.644	268.702.218	170.642.103	75.220.457	1.028.887.397	12.186.591	1.041.073.988
Balance at January 1, 2020	191.447.068	233.177.582	(23.223.675)	112.921.644	268.702.218	170.642.103	75.220.457	1.028.887.397	12.186.591	1.041.073.988
Transfers	-	-	-	-	28.940.840	46.279.617	(75.220.457)	-	-	-
Total comprehensive income/(expense)	-	-	(2.737.189)	100.489.559	-	-	115.043.393	212.795.763	(205.197)	212.590.566
Profit for the period	-	-	-	-	-	-	115.043.393	115.043.393	(205.197)	114.838.196
Other comprehensive income/(expense)	-	-	(2.737.189)	100.489.559	-	-	-	97.752.370	-	97.752.370
Dividends paid (Note 25)	-	-	-	-	-	(46.330.190)	-	(46.330.190)	(282.107)	(46.612.297)
Balance at December 31, 2020	191.447.068	233.177.582	(25.960.864)	213.411.203	297.643.058	170.591.530	115.043.393	1.195.352.970	11.699.287	1.207.052.257

The accompanying accounting policies and explanatory notes form an integral part of these consolidated financial statements.

		Current period (Audited)	Prior period (Audited)
		1 January- December 31, 2020	1 January- December 31, 2020
	Notes		
Cash flows from operating activities		277.015.204	350.922.064
Profit before tax		145.852.441	87.313.818
Profit before tax from continuing operations		145.852.441	87.313.818
Adjustment to reconcile profit before tax to cash generated from operating activities:		184.132.342	168.985.857
	10, 11, 20,14	101.026.158	97.426.579
Depreciation and amortization		3.347.426	7.157.983
Adjustments for impairment loss/(reversal of impairment loss)	7	809.628	4.721.983
Impairment/(reversal of impairment) on receivables	9	2.537.798	2.436.000
Impairment/(reversal of impairment) on inventories		17.607.996	11.252.844
Adjustments for provisions	13,15	12.561.041	9.090.930
Provision for employee termination benefits	13	4.404.531	508.411
Provision for litigation and/or penalties	13	680.880	1.653.503
Provision for recultivation		(38.456)	-
Other provisions		59.460.935	123.780.853
Adjustments for interest income and expenses	23	(14.915.826)	(12.732.941)
Interest income		54.261.210	115.745.360
Interest expense		20.115.551	20.768.434
Other financials (income)/expense	22	4.060.204	(60.739.165)
Loss/(gain) on sale of property, plant and equipment and intangible assets	22	(1.370.377)	(9.893.237)
Changes in working capital		(13.560.555)	116.222.664
Adjustment related to(increase)/decrease In trade receivables		(75.864.971)	69.242.312
Adjustment related to(increase)/decrease In other receivables		(732.708)	(40.666.620)
Adjustment related to(increase)/decrease In inventories		(1.388.918)	61.278.326
Adjustment related to(increase)/decrease In prepaid expenses		(38.477.510)	11.905.504
Adjustment related to(increase)/decrease In trade payables		88.149.151	15.773.724
Adjustment related to(increase)/decrease In employee benefit obligations		(1.178.339)	1.341.169
Adjustment related to(increase)/decrease In other payables		4.247.240	794.062
Adjustment related to(increase)/decrease In deferred revenue		12.410.567	(2.606.141)
		(725.067)	(839.672)
Other adjustments related to increase (decrease) in operating capital			
Adjustment related to(increase)/decrease In other current assets		(725.067)	(839.672)
Cash flows from operating activities		(39.409.024)	(21.600.275)
	13, 15	(10.316.052)	(14.081.897)
Employee termination benefits paid		(1.257.528)	(1.930.648)
Payments for other provisions		(29.682.116)	(6.489.450)
Taxes paid	7	1.846.672	901.720
Cash flows from investing activities		(118.961.895)	6.053.956
Sale of property, plant and equipment and intangible assets		2.223.300	77.542.059
Purchase of property, plant and equipment and intangible assets	10	(122.555.572)	(80.581.340)
Dividends received		1.370.377	9.893.237
Cash inflows from sale of interest/capital decrease in financial assets		-	(800.000)
Cash flows from financing activities		8.278.126	(480.355.420)
Cash inflows from short-term borrowings	6	500.000.000	667.672.857
Cash outflows from repayment of borrowings	6	(384.520.172)	(814.243.762)
Dividends paid	6	(23.191.456)	(18.316.447)
Interest paid	25	(46.612.297)	(154.166.698)
Interest received		(50.257.974)	(157.247.664)
Financial Lease Payments		14.915.826	12.732.941
Paid Exchange Difference		(2.055.801)	(16.786.647)
Net increase/(decrease) in cash and cash equivalents before the effect of foreign currency translation differences		166.331.435	(123.379.400)
Net increase in cash and cash equivalents)		166.331.435	(123.379.400)
Cash and cash equivalents at the beginning of the period	4	152.041.813	275.421.213
Cash and cash equivalents at the end of the period	4	318.373.248	152.041.813

The accompanying accounting policies and explanatory notes form an integral part of these consolidated financial statements

1. Corporate Information

General

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi ("Akçansa" or "Company") was formed on September 30, 1996 through the merger of Akçimento Ticaret Anonim Şirketi (Akçimento) which was established in 1967, with Çanakkale Çimento Sanayi Anonim Şirketi (Çanakkale) which was established in 1974. At January 12, 1996, Mortelmaattschappij Eindhoven B.V. (Mortel), which is a wholly owned subsidiary of Cimenteries CBR S.A. (CBR), acquired 97.7% of Çanakkale. Subsequently on July 24, 1996, the CBR group exchanged its shares in Çanakkale for 30% of the shares of Akçimento which was mainly owned by Hacı Ömer Sabancı Holding Anonim Şirketi and its affiliates.

Effective from October 1, 1996, Akçimento ceased its existence and merged with Çanakkale. The name of Çanakkale was changed as Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi. Akçansa shares have been traded on the Borsa İstanbul A.Ş. (formerly İstanbul Stock Exchange) since 1986. On November 27, 2006, 39.72% shares of Akçansa Çimento Sanayi ve Ticaret A.Ş. owned by CBR International Holdings B.V. which is 100% owned subsidiary of Heidelberg Cement A.G. has been transferred to Heidelberg Cement Mediterranean Basin Holdings S.L. which is also 100% owned subsidiary of Heidelberg Cement A.G. On March 1, 2017, 39.72% shares of Akçansa Çimento Sanayi ve Ticaret A.Ş. owned by Heidelberg Cement Mediterranean Basin Holdings S.L. has been transferred Heidelberg Cement A.G. .

The address of the headquarter and registered office is Palladium Tower Barbaros mah. Kardelen sk. , No: 2, Ataşehir, İstanbul.

The consolidated financial statements are authorized for issue by the management on February 19, 2021. The General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after the issue. The major shareholders of the Company are Hacı Ömer Sabancı Holding AŞ and Heidelberg Cement Mediterranean Basin Holdings S.L., as disclosed further in Note 17.

For the purpose of the consolidated financial statements, Akçansa and Karçimsa Çimento Sanayi ve Ticaret A.Ş. (Karçimsa – 50.99% owned subsidiary of Akçansa) - together are referred to as "Akçansa and its subsidiary" or "the Group". As of December 31, 2020 and December 31, 2019, the number of personnel (all employed in Turkey) is 1,016 and 1,018, respectively.

Nature of activities

The Group is primarily engaged in manufacturing of cement, clinker, ready mixed concrete and aggregate.

Approval of consolidated financial statements.

These consolidated financial statements as of and for the year ended 31 December 2020 has been approved for issue by the Board of Directors on 19 February 2021. These consolidated financial statements will be finalised following their approval in the General Assembly. The authority to change the consolidated financial statements rests with the General Assembly.

2. Basis of preparation of financial statements

2.1 Basis of preparation

Financial reporting standards

The consolidated financial statements of the Group have been prepared in accordance with the Turkish Financial Reporting Standards, ("TFRS") and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") in line with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board of Turkey ("CMB") on June 13, 2013 which is published on Official Gazette numbered 28676. TFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards ("IFRS") by the communiqués announced by the POA.

The consolidated financial statements are presented in accordance with "Announcement regarding with TAS Taxonomy" which was published on April 15, 2019 by POA and the format and mandatory information recommended by CMB.

The company and its subsidiary located in Turkey Karçimsa Çimento Sanayi ve Ticaret A.Ş., legal books and the statutory financial statements of the Turkish Commercial Code ("TCC") and tax legislation to keep in accordance with the accounting principles and are prepared.

Comparatives and restatement of prior periods' financial statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period consolidated financial statements and the significant changes are explained.

Functional and presentation currency

Functional and presentation currency of the Company is Turkish Lira (TRY).

Based on the decision of CMB dated March 17, 2005 and numbered 11/367, since the objective conditions for the restatement in hyperinflationary economies was no longer available at that time, Turkey came off hyperinflationary status and the financial statements were only restated until December 31, 2004 in accordance with TAS 29 ("Financial Reporting in Hyperinflationary Economies"). Therefore, non-monetary assets and liabilities and components of shareholders' equity including share capital reported in the balance sheet as of December 31, 2020 and December 31, 2019 are derived by indexing the additions occurred until December 31, 2004 to December 31, 2004 and carrying the additions after this date with their nominal amounts.

2.2. New and revised Turkish financial reporting standards

The new and revised standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2020 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2020. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

2. Basis of preparation of financial statements (Continued)

2.2. New and revised Turkish financial reporting standards (Continued)

a. Standards, amendments and interpretations applicable as at 31 December 2020:

Amendments to IAS 1 and IAS 8 on the definition of material; effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:

- i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
- ii) clarify the explanation of the definition of material; and
- iii) incorporate some of the guidance in IAS 1 about immaterial information.

This change does not have any impact on the Group's financial performance.

Amendments to IFRS 3 - definition of a business;

effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. This change does not have any impact on the Group's financial performance

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform;

effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries. This change does not have any impact on the Group's financial performance.

Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions;

effective from Annual periods beginning on or after 1 June 2020. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. This change does not have any impact on the Group's financial performance.

2. Basis of preparation of financial statements (Continued)

2.2. New and revised Turkish financial reporting standards (Continued)

b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2020:

- **Amendments to IAS 1, Presentation of financial statements' on classification of liabilities;** effective from 1 January 2022. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.
 - **Amendments to IFRS 3,** 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. .
 - **Amendments to IAS 16,** 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
 - **Amendments to IAS 37,** 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.
 - Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.
- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2;** effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

The impacts of the new standards, amendments and improvements on the financial position and performance of the Group is being assessed.

2.3 Summary of significant accounting policies

Right of use assets

The Group accounts for its rights-to-use assets on the date the financial lease contract commences (for example, as of the date the relevant asset is available for use). The right of use assets are calculated by deducting the accumulated depreciation and impairment losses from the cost value. In case the financial leasing debts are revalued, this figure is corrected.

The cost of the right of use asset includes:

- (a) the first measurement of the lease obligation,
- (b) the amount obtained from all rental payments made before or before the lease actually starts, by deducting all rental incentives received, and
- (c) All initial costs incurred by the company.

Unless the transfer of the ownership of the underlying asset to the Group at the end of the lease is reasonably finalized, the Group depreciates its asset right to use until the end of the useful life of the underlying asset.

Right of use assets are subject to impairment assessment.

Lease Obligations

The Group measures the lease obligation at the present value of the lease payments, which were not paid on the date the lease actually began.

The lease payments included in the measurement of the lease obligation at the date of the lease actually consist of the following payments to be made for the right of use of the underlying asset during the lease period and not paid at the date when the lease actually started:

- (a) Fixed payments,
- (b) Variable rental payments based on an index or rate, made using an index or rate at the date when the first measurement was actually started.
- (c) Amounts expected to be paid by the Company within the scope of residual value commitments

Basis of consolidation

The consolidated financial statements comprise the financial statements of Akçansa and Karçimsa in which Akçansa has a shareholding interest of 50.99%. Subsidiary is consolidated from the date on which control is transferred to Akçansa until the date on which the control is transferred out of Akçansa.

As stated above, the consolidated financial statements consist of the financial statements of Akçansa and its subsidiary which it controls. The control is available if and only if all of the following indicators of the investment properties are present in more than one condition; a) power over an investee, b) exposure, or rights, to variable returns from its involvement with the investee c) the ability to use its power over the investee to affect the amount of the investor's return.

2. Basis of preparation of financial statements (Continued)

2.3 Summary of significant accounting policies (Continued)

Basis of consolidation (Continued)

The subsidiary is consolidated by using full consolidation method, accordingly the registered subsidiary values are netted off with the related equity items. The equity and net income attributable to non-controlling shareholders' are shown as non-controlling interest in consolidated balance sheet and income statement.

The results of subsidiaries acquired or disposed during the year are included in consolidated comprehensive income statement after the acquisition date or until the disposal date. Total comprehensive income is transferred to equity holders of the parent and non- controlling interests even if the non-controlling interests result in reverse balance.

Balances and transactions between Akçansa and its subsidiary, including intercompany profits and unrealized profits and losses are eliminated. Consolidated financial statements are prepared using uniform accounting policies for transactions and other events in similar circumstances.

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

When the Company loses control of a subsidiary, the profit or loss on disposal 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. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable TFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is accounted for in accordance with TFRS 9.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liabilities simultaneously.

Cash and cash equivalents

For the purposes of the presentation of consolidated cash flow statement, cash and cash equivalents comprise cash on hand, cash in banks, checks readily convertible to known amounts of cash and short-term deposits with an original maturity of three months or less.

Cash and cash equivalents are carried at cost plus interest income accrual.

Inventories

Inventories are valued at the lower of cost or net realizable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Raw materials - purchase cost on a monthly average basis.

Finished goods and work-in-process - cost includes direct material and labor cost, the applicable allocation of fixed and variable overhead costs (considering normal operating capacity) on the basis of monthly average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Property, plant and equipment

The initial cost of property, plant and equipment comprises its purchase price and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not subject to depreciation except for the exploitation land. Exploitation land is depreciated based on the ratio of depletion of mining reserves to total reserves.

Assets under construction that are held for rental or any other administrative or undefined purposes are carried at cost less any impairment loss, if any. Legal fees are also included in cost. Borrowing costs are capitalized for assets that need substantial time to prepare the asset for its intended use or sale. As the similar depreciation method used for other fixed assets, depreciation of such assets begins when they are available for use.

Depreciation is calculated on all property, plant and equipment on a straight-line basis over the estimated useful life of the asset as below.

	Useful Life
Land improvements and buildings	20 - 50 years
Machinery and equipment	5 - 20 years
Furniture and fixtures	5 - 10 years
Motor vehicles	5 years
Leasehold Improvements	5 - 47 years

2. Basis of presentation of financial statements (Continued)

2.3 Summary of significant accounting policies (Continued)

Property, plant and equipment (Continued)

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.

An item of property, plant and equipment is derecognized from statement of financial position (balance sheet) 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 which mainly comprise of software and mining rights are measured at cost. Intangible assets are amortized on a straight line basis over the best estimate of their useful lives, excluding mining rights. Mining rights are amortized based on the ratio of depletion of mining reserves to total reserves.

The carrying values of intangible assets are reviewed for impairment when there is any event or changes in circumstances indicate that the carrying value may not be recoverable.

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, and are recognized in profit or loss when the asset is derecognized.

Goodwill

Any excess of the acquirer's interest over the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination cost is accounted for as goodwill.

In accordance with TFRS 3 "Business Combinations", the Group does not amortize goodwill, but the goodwill arising from acquisitions is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

2. Basis of presentation of financial statements (Continued)**2.3 Summary of significant accounting policies (Continued)****Impairment of non-financial assets**

At each balance sheet date, the Group assesses whether there is any indication that book value of tangible and intangible assets, calculated by acquisition cost less accumulative amortization, is impaired. When an indication of impairment exists, the Group estimates the recoverable amount of such assets. When individual recoverable value of assets cannot be measured, recoverable value of cash generating unit of that asset is measured.

Recoverable amount is the higher of value in use or fair value less costs to sell. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit by using discount rates before taxes that reflects risks related with that asset. The main estimates that are used during these analyses comprise expected inflation rates, expected increase in sales and cost of sales, expected changes in export-domestic market composition and expected growth rate of the country.

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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (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 (cash-generating unit) in prior years. Impairment loss cannot be reversed in the consolidated statement of income in future periods for goodwill.

Foreign currency transactions

Transactions in foreign currencies are translated to TRY by the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies as of December 31, 2020 are translated at the Central Bank buying rate of exchange ruling at the balance sheet date. The foreign currency income or expenses incurred from the translation of foreign currency denominated transaction is reflected within the statement of income in the related period.

Foreign currency translation rates used by the Group as of respective year-ends are as follows:

Date	TRY/USD	TRY/EUR
Buying rates		
December 31, 2020	7,3405	9,0079
December 31, 2019	5,9402	6,6506

2. Basis of presentation of financial statements (Continued)

2.3 Summary of significant accounting policies (Continued)

Provisions, contingent assets and liabilities

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent assets and liabilities

Contingent liabilities are not recognized in the financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements, but disclosed when an inflow of economic benefits is probable.

Income tax

Tax expense (income) is the aggregate amount included in the determination of net profit or loss for the period in respect of current and deferred tax.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Employee benefits/ retirement pay liability/vacation pay liability

(a) Defined benefit plan:

In accordance with existing social legislation in Turkey, the Group is required to make lump-sum termination indemnities to each employee who has completed over one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

As indicated in Note 15 in detail, in the accompanying financial statements, the Group has reflected a liability using the "Projected Unit Credit Method" based on the actuarial valuation performed by independent actuaries. The employee termination benefits are discounted to the present value of the estimated future cash outflows using the interest rate estimate of qualified actuaries.

In the consolidated balance sheets, employee termination benefits are reflected under non-current liabilities as provisions for long term employee benefits.

2. Basis of presentation of financial statements (Continued)

2.3 Summary of significant accounting policies (Continued)

Employee benefits/ retirement pay liability/vacation pay liability (Continued)

(b) Defined contribution plans:

The Group pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. There are contributions amounting to TRY 35.208.622 as of December 31, 2020 (December 31, 2019 – TRY 14.614.076).

(c) Provision for unused vacation:

The short term benefits provided to employees comprise the ones which are expected to be settled wholly in twelve months after the end of the reporting period. The Group classifies unused vacation provision in provisions for short term employee benefits since the expectation is the settlement in the following twelve months after the reporting period.

Related parties

Parties are considered related to the Group if;

- a) A person or a close member of that person's family is related to a reporting entity if that person:
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) 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).
 - (i) The entity and the company are members of the same group.
 - (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 related parties, regardless of whether a price is charged.

2. Basis of presentation of financial statements (Continued)

2.3 Summary of significant accounting policies (Continued)

Revenue recognition

The Group transfers the committed goods or services to its customers and takes the revenue to the consolidated financial statements when it fulfills the performance obligation. When an asset is taken by the customer, the asset is transferred.

In accordance with the following five basic principles, the Group proceeds to the financial statements:

- Determination of customer contracts,
- Determination of performance obligations in contracts,
- Determining the transaction price in contracts,
- Distribution of the transaction price to the performance obligations in the contracts,
- Revenue recognition when each performance obligation is done.

The Group recognizes a contract with its customer as revenue when all of the following conditions are met:

The parties of the agreement have confirmed the contract (in accordance with written, oral or other commercial practices) and undertakes to carry out their own actions,

- The Group may define the rights of each party related to the goods or services to be transferred,
- The Group can define the payment terms for the goods or services to be transferred,
- The contract is essentially commercial,
- The Group is likely to incur prices for the goods or services to be transferred to the customer.

The Group considers whether the collectability of a price is probable or not, and it considers only the ability of the customer to pay the price at the due date and its intention. At the beginning of the contract, the Group evaluates the goods or services it has committed in the contract with the customer and defines each commitment to transfer it to the customer as a performance obligation.

At the beginning of the contract, the Group evaluates the goods or services it commits on the contract with the customer and defines each commitment to transfer it to the customer as performance obligations as follows:

- a) Different goods or services (goods or services package) or
- b) A series of different goods or services that are substantially similar and which are followed by the same

A series of goods or services are subject to the same cycle if the following conditions are met:

- a) The Group commits to transfer the goods to each customer in a series of different goods or services that meet the necessary conditions to be completed over time with a performance obligation.
- b) In accordance with the relevant paragraphs of the standard, use of the same method in order to measure the progress of the Group for the performance of the obligation of each of the different goods or services constituting the series.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Amortized cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period.

In Turkey, companies can increase their share capital by making distribution of free shares to existing shareholders from various internal resources. For the purpose of the EPS calculation such share issues are regarded as issued stock. Accordingly the weighted average number of shares used in EPS calculation is derived by giving retroactive effect to the issue of such shares.

Subsequent events

Post period-end events that provide additional information about the Group's position at the balance sheet date (adjusting events), are reflected in the financial statements. Post-period-end events that are not adjusting events are disclosed in the notes when material.

Trade and settlement date accounting

All "regular way" purchases and sales of financial assets are recognized on the trade date, in other words, the date the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Financial assets

The Group classifies its financial assets to be accounted in three categories as "Financial assets accounted for with the "amortized cost" method", "Financial assets at fair value through profit or loss" and "Financial assets whose fair value is reflected in other comprehensive income". The classification is based on the business model and expected cash flows, which are determined according to the purpose of benefiting from financial assets. The Group management makes the classification of financial assets on the date of purchase.

(a) Financial Assets accounted for at amortized cost

The Group classifies the financial assets which have fixed or determinable payments and are not traded in an active market and non-derivative financial assets as "assets that are accounted for at their amortized cost" because the Group's management adopts "the business model of collecting contractual cash flows" and that the terms of the contract include interest payments due to capital and capital balances on certain dates. If the maturity is less than 12 months from the date of the consolidated statement of financial position, the assets are classified as current assets. If the maturity is longer than 12 months from the date of the consolidated statement of financial position, the assets are classified as non- current assets. Assets recognized under amortized cost amount include "trade receivables", "other receivables" and "cash and cash equivalents" in the consolidated statement of financial position. In addition, trade receivables collected from factoring companies within the scope of trade receivables are classified as assets that are accounted for at amortized cost value since the collection risk is not transferred.

Impairment

As the Group does not include an important financing component in the trade receivables accounted at amortized cost value in the consolidated financial statements, the company selects the simplified application and uses the corresponding matrix to calculate the impairment. With this application, the Group measures the expected credit loss provision from an amount equal to the expected credit losses of the lifetime when the trade receivables are not impaired due to certain reasons. The expected credit loss provision is calculated based on the Group's past loan loss experience and the expected loan loss rate determined by the future macroeconomic indicators.

(b) Financial assets measured at fair value

The assets that the Group management adopts based on contractual cash flow collection and/or sales business model are classified as assets measured at fair value. If the Group Management has no intention to sell the related assets within 12 months since consolidated financial statements date the related assets are classified as non-current assets. When the first recognition of investments in equity-based financial assets, the Group's equity investment is carried at measured fair value difference on profit or loss on the consolidated statement of profit or loss; The Group makes a selection that can not be changed in such a situation.

i) "Financial assets measured at fair value through profit or loss",

Financial assets at fair value through profit or loss; These financial assets consist of the financial assets held for trading in the short term, regardless of the reason for the short-term fluctuations in the market and the derivative instruments included in the consolidated statement of financial position. Derivative financial instruments are recognized as assets when the fair value is positive and as liabilities when the fair value is negative. The Group's derivative instruments consist of related transactions to time foreign currency purchas /sale contracts. Financial assets at fair value through profit or loss are firstly recognized in the consolidated statement of financial position, including transaction costs. These financial assets are valued at their fair values in the following periods. Realized or unrealized gains and losses are

recognized in finance income / expense. Dividends received are recognized in profit or loss as profit share income. Derivatives are also classified as financial assets at fair value through profit or loss (Note 21).

ii) "Financial assets measured at fair value through other comprehensive income",

Financial assets measured at fair value through other comprehensive income are assets that are either equity securities or debt securities. The Group measures related financial assets at fair value. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for foreign exchange gains and losses. When an equity security is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to retained earnings. When a debt security is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

2. Basis of presentation of financial statements (Continued)

2.3 Summary of significant accounting policies (Continued)

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best fair value is the quoted market price of a financial instrument, if available.

The methods and assumptions in fair value estimation of the financial instruments of the Group are explained in Note 28.

Trade and other receivables

Trade receivables are recognized with invoiced amounts and carried at amortized cost using the effective interest method, less any provision for doubtful receivables. Bonds and forward checks classified in trade receivables are carried at amortized cost using the effective interest rate method.

The Group has preferred to apply the simplified approach defined in TFRS 9 within the scope of the impairment calculations of trade receivables that are accounted for at amortized cost in the consolidated financial statements and which do not include a significant financing component (less than one year). With this approach, the Group measures the provision for losses on trade receivables from an amount equal to the expected credit losses if the trade receivables are not impaired for certain reasons (except for the realized impairment losses).

The Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision provided to the trade receivables as a result of a specific events, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectations for the future indications.

The Group has applied the simplified approach stated in TFRS 9 for the calculation of expected credit loss provision for trade receivables. This approach allows expected credit loss provision for all trade receivables. In order to measure expected credit losses, the Group appropriately classified its trade receivables based on maturity and credit risk characteristics. The expected credit loss ratio for each class of trade receivables, which is grouped using past loan loss experiences and forward-looking macroeconomic indicators, is calculated and the expected credit loss provision has been calculated by multiplying the determined rate and totals of trade receivable.

Financial investments

All financial investments are recorded with the cost value, which is considered to express the fair value at the time of the first purchase and includes transaction costs. As of December 31, 2020 and December 31, 2019, all financial investments are financial investments valued with their fair values.

After the first registration, financial investments valued with their fair values. Interest earned from financial investments is shown as interest income. Other gains or losses from financial investments are shown in the account item of "value increase funds" in a separate item within the equity until the related assets are sold, converted to cash or otherwise disposed or subjected to impairment in any way, and after this date income and associated with expense accounts.

2. Basis of presentation of financial statements (Continued)

2.3 Summary of significant accounting policies (Continued)

Financial investments (Continued)

Financial investments traded at Borsa İstanbul A.Ş. are valued at the end of the working day at the balance sheet date based on the market prices. When there is no viable valuation method for valuing financial investments that are not traded in the stock exchange, the relevant financial investments are valued at their historical costs.

Impairment of financial assets

Financial assets or groups of financial assets, other than financial assets whose fair value difference is reflected in profit or loss, are assessed at each balance sheet on whether there are indicators of impairment. Impairment loss occurs when one or more events occur after the initial recognition of the financial asset and the adverse impact of that event on the future cash flows that can be reliably predicted by the relevant financial asset or group of assets is impaired.

For equity instruments ready for sale, the fact that fair value is below the cost with a significant and continuous decrease is considered an objective impairment indicator.

Those other than gains or losses from financial assets other than the impairment gains and losses and foreign exchange income or expenses are reflected in other comprehensive income. In the event that such assets are sold, valuation differences classified into other comprehensive income are classified in previous years' profits.

Except for trade receivables, where the carrying amount is reduced through the use of a reserve account, impairment is directly deducted from the book value of the financial asset in all financial assets. If the trade receivable cannot be collected, the amount in question is deleted by deducting it from the reserve account. Changes in reserve account are accounted for in the income statement.

The increase in the fair value of the equity instruments available for sale after the impairment is directly accounted in the equity.

For equity instruments available for sale, impairment loss, which was recognized in profit / loss in previous periods, is not canceled in profit / loss. The fair value increase resulting from impairment loss is recognized in other comprehensive income and is collected under the heading of revaluation provision for investments. Impairment loss for available-for-sale debt securities is canceled in profit / loss in the following periods when the fair value of the investment is associated with an event that occurs after the impairment loss is recognized.

Financial liabilities

Financial liabilities are initially accounted at their fair values, free of transaction costs, and are carried over from the amortized cost using the effective interest method along with the interest expense calculated over the effective interest rate in the following periods.

Effective interest method is the method of calculating the amortized costs of the financial liability and distributing the related interest expense to the related period. Effective interest rate; It is the rate that precisely reduces the estimated future cash payments to be made in the lifetime of the financial instrument or, if appropriate, for a shorter period of time, to the net present value of the relevant financial liability.

2. Basis of presentation of financial statements (Continued)

2.3 Summary of significant accounting policies (Continued)

Borrowings

All borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, borrowings are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognized in net profit or loss when the liabilities are derecognized, as well as through the amortization process.

Trade payables and other payables

Trade and other payables are carried at amortized cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

- (a) *Reserve for retirement pay liability is determined by using actuarial assumptions such as discount rates, future salary increase and employee's turnover rates. The estimations include significant uncertainties due to their long term nature. The details about reserve for employee benefits are provided in Note 15.*
- (b) *Provision for doubtful receivables is an estimated amount that management believes to reflect possible future losses on existing receivables that have collection risk due to current economic conditions. During the impairment test for the receivables, the debtors, other than the key accounts and related parties, are assessed with their prior year performances, their credit risk in the current market, their performance after the balance sheet date up to the issuing date of the financial statements; and also the renegotiation conditions with these debtors are considered. The provision for doubtful receivables is mentioned in the Note 7.*
- (c) In determining of provision for litigations, the Group considers the probability of legal cases to be resulted against the Group and in case it is resulted against the Group considers its consequences based on the assessments of legal advisor. The Group management makes its best estimates using the available data are provided in Note 13.
- (d) During the assessment of the reserve for obsolete inventories, inventories are physically and historically analyzed, usefulness of the inventories are determined based on the view of the technical personnel and if it is necessary, allowance is booked. Sales prices listed, average discount rates given for sale and expected cost incurred to sell are used to determine the net realizable value of the inventories. As a result of this, the inventories with the net realizable values below the costs are written down as disclosed in the Note 9.

- (e) The Group makes assumptions based on views of the technical personnel in the calculation of provision for recultivation of exploitation lands. As a result of these analyses, assessments of the provision for recultivation of exploitation lands are provided in Note 13.

According to the Environment Law, the operations of the Group such as mining, cement production are subject to legislation in Turkey. All liabilities such as taxes, duties and emission fees resulting from this legislation have been fulfilled by the Group. However, this legislation did not specifically address the costs that could arise from recovering the damage, pollution in the land while vacating the mines. The Group calculated the estimated cost of the actions that the Group deems that would meet the requirements of legislation related with the mining area it operates on.

Recognition and de-recognition of financial instruments

The Group recognizes a financial asset or financial liability in its balance sheet when and only when it becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset or a portion of financial asset when and only when it loses control of the contractual rights that comprise the financial asset or a portion of financial asset. The Group derecognizes a financial liability when liability is extinguished that is when the obligation specified in the contract is discharged, cancelled and expired.

Going Concern

Consolidated financial statements have been prepared according to the going concern principle.

Significant changes in the current period

The impact of Covid-19 (Coronavirus) pandemic to the Group's operations and financial results has been monitored and actions have been immediately taken for the Group to mitigate the impacts of the pandemic. In connection with the Covid-19 pandemic and paralel to the current conditions/slowdown in the global economy, there have been disruptions in the supply and sales processes and especially during the lockdowns the manufacturing have been temporarily suspended. In the meantime, the Group has taken measures for stock optimization and for savings on operational and capital expenditures. Cash management strategies have been reviewed by assessing the payment and collection terms for a stronger liquidity position.

Since the possible overall impacts and duration of Covid 19 pandemic on the world and Turkey is still unknown as of the reporting date, it will only be possible to do mid and long term assessments once the impacts become more clear. In preparation of the consolidated financial statements as of 31 December 2020, the Group has assessed the possible impacts of Covid-19 pandemic on the financial statements and reviewed the critical estimates and assumptions. Within this scope, the Group has tested the financial assets, inventories, tangible assets, goodwill and brands for a possible impairment and no impairments were identified.

2. Basis of presentation of financial statements (Continued)

2.4. Critical accounting estimates, judgments, and assumptions

The preparation of consolidated financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realized in the reporting period. The Group makes estimates and assumptions concerning the future. The accounting estimates and assumptions, by definition, may not be equal the related actual results. The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Impairment test for intangible assets which have indefinite useful lives and goodwill:

In accordance with the accounting policy for the intangible assets which have indefinite useful lives and goodwill stated in Note 2.3, these assets are reviewed for impairment annually or whenever events or changes in circumstances indicate impairment by the Group. The recoverable amounts of the cash-generating units are determined using the methods of value in use and royalty relief. Certain estimates were used in these calculations (Notes 12). Impairment was not identified as a result of these tests.

Fair value calculation of financial investments

In accordance with the accounting policy for the financial investments stated in Note 2.3, these assets are reviewed for impairment annually or whenever events or changes in circumstances indicate impairment by the Group. The recoverable amounts of the cash-generating units are determined using the methods of value in use. Certain estimates were used in these calculations (Notes 5). Impairment was not identified as a result of these tests.

Useful lives

The Group capitalizes the tangible and intangible assets in accordance with TAS 16 and TAS 38. The Group defines useful life of its assets in terms of the assets expected utility to the Group. Economic useful lives accepted by the Group is disclosed in Note 2.3.

3. Segment Reporting

Since major portion of the foreign sales of the Group are made on a one-off basis to different geographical regions, the distribution of sales according to geographical regions is not consistent throughout the years. Therefore, details of revenues are disclosed as foreign and domestic sales in Note 18.

The Group manages and organizes its operations depending on the content of provided services and goods. The Group prepares its segment reporting in accordance with TFRS 8. As of December 31, 2020 and December 31, 2019; information about the Group's segments consists of revenues and profits related with cement (including clinker and aggregate) and ready mix concrete.

1 January - 31 December 2020	Cement	Ready- mixed concrete	Unallocated	Elimination	Total
Revenue	1.635.145.159	414.437.198	-	(82.474.280)	1.967.108.077
Cost of sales (-)	(1.283.612.967)	(434.024.479)	-	82.474.280	(1.635.163.166)
Gross profit	351.532.192	(19.587.281)	-	-	331.944.911
General administrative, marketing expenses (-)	(97.776.430)	(12.116.524)	-	-	(109.892.954)
Other income/expenses from operating activities (-), net	(30.698.895)	(7.691.669)	-	-	(38.390.564)
Operating profit	223.056.867	(39.395.474)	-	-	183.661.393
Income/expense from investing activities (-), net	1.698.198	1.433.627	-	-	3.131.825
Financial income/expense (-), net	(40.940.777)	-	-	-	(40.940.777)
Profit before tax from continuing operations	183.814.288	(37.961.847)	-	-	145.852.441
Profit before tax from continuing operations, net	-	-	(31.014.245)	-	(31.014.245)
Current tax expense (-)	-	-	(35.097.363)	-	(35.097.363)
Deferred tax income/(expense)	-	-	4.083.118	-	4.083.118
Profit from continuing operations	183.814.288	(37.961.847)	(31.014.245)	-	114.838.196

31 December 2020	Cement	Ready- mixed concrete	Unallocated	Elimination	Total
Assets and liabilities					
Segment assets	1.569.332.040	225.975.456	-	-	1.795.307.496
Associates	-	-	265.745.133	-	265.745.133
Unallocated assets	-	-	370.803.482	-	370.803.482
Total assets	1.569.332.040	225.975.456	636.548.615	-	2.431.856.111
Unallocated liabilities	-	-	2.431.856.111	-	2.431.856.111
Total liabilities	-	-	2.431.856.111	-	2.431.856.111

1 January - 31 December 2020	Cement	Ready- mixed concrete	Unallocated	Elimination	Total
Other segment information					
Capital expenditures (expenses)					
Tangible and intangible assets	117.145.177	5.410.395	-	-	122.555.572
Total capital expenditures	117.145.177	5.410.395	-	-	122.555.572
Amortization expenses	81.596.026	16.218.809	-	-	97.814.835
Depreciation expenses	3.194.819	16.504	-	-	3.211.323

4. Segment reporting (Continued)

1 January - 31 December 2020	Cement	Ready- mixed concrete	Unallocated	Elimination	Total
Revenue	1.470.973.218	469.569.998	-	(114.437.392)	1.826.105.824
Cost of sales (-)	(1.220.425.285)	(467.122.654)	-	114.437.392	(1.573.110.547)
Gross profit	250.547.933	2.447.344	-	-	252.995.277
General administrative, marketing expenses (-)	(90.857.478)	(14.933.128)	-	-	(105.790.606)
Other income/expenses from operating activities (-), net	(4.387.426)	5.741.699	-	-	1.354.273
Operating profit	155.303.029	(6.744.085)	-	-	148.558.944
Income/expense from investing activities (-), net	34.088.676	36.543.727	-	-	70.632.403
Financial income/expense (-), net	(131.877.529)	-	-	-	(131.877.529)
Profit before tax from continuing operations	57.514.176	29.799.642	-	-	87.313.818
Tax income/(expense)	-	-	(12.345.052)	-	(12.345.052)
Current tax expense (-)	-	-	(6.807.220)	-	(6.807.220)
Deferred tax income/(expense)	-	-	(5.537.832)	-	(5.537.832)
Profit from continuing operations	57.514.176	29.799.642	(12.345.052)	-	74.968.766

31 December 2020	Cement	Ready- mixed concrete	Unallocated	Elimination	Total
Other segment information					
Capital expenditures (expenses)	1.448.694.724	193.014.485	-	-	1.641.709.209
Tangible and intangible assets	-	-	159.966.650	-	159.966.650
Other segment information	-	-	208.070.629	-	208.070.629
Total capital expenditures	1.448.694.724	193.014.485	368.037.279	-	2.009.746.488
Unallocated liabilities	-	-	2.009.746.488	-	2.009.746.488
Total liabilities	-	-	2.009.746.488	-	2.009.746.488

31 December 2020	Cement	Ready- mixed concrete	Unallocated	Elimination	Total
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Other segment information

Capital expenditures (expenses)

Tangible and intangible assets	73.900.803	6.673.000	-	-	80.573.803
Total capital expenditures	73.900.803	6.673.000	-	-	80.573.803
Amortization expenses	69.387.269	13.555.572	-	-	82.942.841
Depreciation expenses	3.980.794	19.124	-	-	3.999.918

5. Cash and cash equivalents

	31 December 2020	31 December 2019
Cash at banks (including short-term time deposits)	313.900.931	147.754.484
Checks in collection	4.472.100	4.287.280
Cash in hand	217	49
Total	318.373.248	152.041.813

Depending on the immediate cash needs of the Group, time deposits have 1-30 days maturities for TRY and USD (December 31, 2019 – 1-30 days for TRY and USD). Interest rates for TRY time deposits are 17.50% and for USD time deposits 2.75% (December 31, 2019 for TRY 10.75%, USD 0.40%).

The Group does not have blocked deposits as of December 31, 2020 and December 31, 2019.

5. Financial assets

	31 December 2020		31 December 2019	
	Share (%)	Amount	Share (%)	Amount
Financial assets measured at fair value through other comprehensive income				
Çimsa Çimento Sanayi ve Ticaret Anonim Şirketi (Çimsa)	8,98	215.923.968	8,98	110.145.485
Arpaş Ambarlı Römorkaj Pilataj Ticaret A.Ş. (Arpaş)	16,00	33.627.428	16,00	33.627.428
Liman İşletmeleri ve Nakliyecilik A.Ş. (Liman İşletmeleri)	15,00	13.218.698	15,00	13.218.698
Eterpark Endüstri Ürünleri İmalat Ticaret İthalat İhracat				
Pazarlama A.Ş. (Eterpark)	8,73	1.549.260	8,73	1.549.260
Ambarlı Kılavuzluk A.Ş.	16,00	800.000	16,00	800.000
Altaş Ambarlı Liman Tesisleri A.Ş. (Altaş)	14,00	625.779	14,00	625.779
Total		265.745.133		159.966.650

Available-for-sale investment of the Group includes shares of Çimsa Çimento Sanayi ve Ticaret Anonim Şirketi (Çimsa) as a listed company, whose fair value is determined by using the remaining bid offer in BIST as of balance sheet date.

The shares of Çimsa traded at Borsa İstanbul A.Ş. were measured with the market prices at

31 December 2020 and 31 December 2019. The increase in the fair value of the Group in the current period amounting to TRY 215,923,968 (December 31, 2019 - TRY 110,145,485) is presented in the comprehensive income statement.

5. Financial assets (Continued)

The details of financial investments for the years ended December 31, are as follows:

	2020	2019
As of January 1	159.966.650	140.844.587
Change in fair value	105.778.483	18.322.063
	-	800.000
As of December 31	265.745.133	159.966.650

In this analysis, the main assumptions used in making the discounted cash flow projections for TL denominated financial statements up to the year 2026, weighted average cost of capital (Altas: 16,35%, Eterpark: 16,35%, Port Operations: 16,35%). and long-term growth rate (9%).

	Currency	Discount Ratae %1	Change effect +/- +/-
Arpaş	TRY	(4.919.427)/6.469.289	
Liman İşletmeleri	TRY	(2.473.681)/3.252.888	
Eterpark	TRY	(328.828)/432.500	
Altaş	TRY	(151.518)/199.244	

6. Financial liabilities**Short-term financial liabilities**

31 December 2020					
	Currency	Original Amount	Term	Interest(%)	TRY Balance
Short-term loans	TRY (*)	100.000.000	6 May 2021	8,00%	105.239.338
	TRY (*)	25.000.000	9 June 2021	8,50%	26.188.110
	TRY (*)	100.000.000	11 May 2021	8,50%	105.431.519
	TRY (*)	75.000.000	31 March 2021	9,00%	76.703.523
					313.562.490
31 December 2019					
	Currency	Original Amount	Term	Interest(%)	TRY Balance
Short-term loans	TRY (*)	100.000.000	16 June 2020	%14,00	103.651.067
	TRY (*)	100.000.000	25 June 2020	%19,75	105.164.997
	TRY (*)	25.000.000	31 Dec 2020	%15,75	25.164.062
	TRY (*)	10.000.000	3 March 2020	%10,80	10.126.000
					244.106.126

(*) Fixed interest loans

6. Financial liabilities (Continued)**Short-term portion of long-term borrowings**

31 December 2020					
	Currency	Principal	Maturity	Interest Rate (%)	TRY Balance
Short-term portion of long-term borrowings	TRY (*)	75.000.000	30 November 2021	%10,00	1.281.800
	TRY (*)	75.000.000	31 October 2021	%9,50	1.243.073
	TRY (*)	50.000.000	31 December 2021	%8,10	221.220
					2.746.093
31 December 2019					
	Currency	Principal	Maturity	Interest Rate (%)	TRY Balance
Short-term portion of long-term borrowings	TRY (*)	75.000.000	2 November 2020	12,50%	1.488.077
	TRY (*)	75.000.000	11 November 2020	12,25%	1.231.316
					2.719.393

Long-term borrowings

31 December 2020					
	Currency	Principal	Maturity	Interest Rate (%)	TRY Balance
long-term borrowings	TRY (*)	75.000.000	30 April 2022	10,00%	75.000.000
	TRY (*)	75.000.000	30 April 2022	9,50%	75.000.000
	TRY (*)	50.000.000	30 June 2022	8,10%	50.000.000
					200.000.000
31 December 2019					
	Currency	Principal	Maturity	Interest Rate (%)	TRY Balance
long-term borrowings	TRY (*)	75.000.000	1 November 2021	12,50%	75.000.000
	TRY (*)	75.000.000	1 November 2021	12,25%	75.000.000
					150.000.000

(*) Fixed interest loans

The movement of the borrowing transactions is as follows:

	Principal	Interest	Exchange rate	2020
January 1	384.263.406	12.562.113	-	396.825.519
Provision received	500.000.000	54.261.210	2.174.749	556.435.959
Provision paid	(384.520.172)	(50.257.974)	(2.174.749)	(436.952.895)
December 31	499.743.234	16.565.349	-	516.308.583
	Principal	Interest	Exchange rate	2019
January 1	530.834.311	21.678.702	12.648.000	565.161.013
Provision received	667.672.857	137.879.553	12.195.921	817.748.331
Provision paid	(814.243.762)	(146.996.142)	(24.843.921)	(986.083.825)

December 31	384.263.406	12.562.113	-	396.825.519
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6. Financial liabilities (Continued)

Payables from leases

	Currency	31 Aralık 2020	31 Aralık 2019
Payables from short-term lease transactions	TRY	9.695.146	8.833.155
Payables from long-term lease transactions	TRY	81.479.612	70.795.794
		91.174.758	79.628.949

Movement of debts from leasing transactions is presented below:

	2020	2019
1 January 2020	79.628.949	-
Effect of change in accounting policies	-	61.074.412
Additions	20.536.667	24.199.227
Interest expense	14.200.598	12.671.757
Payments	(23.191.456)	(18.316.447)
31 December 2020	91.174.758	79.628.949

7. Trade receivables and payables

Trade receivables

Short-term trade receivables

	31 December 2020	31 December 2019
Trade receivables, net	247.123.922	220.514.523
Notes receivables and post-dated checks, net	173.946.972	95.188.722
Due from associates (Note 26)	-	15.262
Due from related parties (Note 26)	21.213.805	53.357.521
Doubtful receivables	20.026.918	21.063.962
Provision for doubtful receivables (-)	(20.026.918)	(21.063.962)
	442.284.699	369.076.028

The effective interest rates used to calculate net book value of the receivables are 16.28% for TRY, 0.238% for USD (December 31, 2019 11.021% for TRY, 1.983% for USD),

6. Trade receivables and payables (Continued)

The movement of the provision for doubtful receivables for the period ended December 31, 2020 and December 31, 2019 is as follows:

	2020	2019
1 January	21.063.962	17.243.699
Provision for doubtful receivables in the current period (Note 19)	809.628	4.721.983
Collections (Note 19)	(1.846.672)	(901.720)
31 December	20.026.918	21.063.962

The collection period of trade receivables varies depending on the product quality and the contracts with the customers and the average is 57 days (31 December 2019 - 70 days).

The Group recognizes the expected losses on trade receivables over their trade receivables within the net account.

As of December 31, 2020 and December 31, 2019, the maturity analysis of trade receivables is as follows:

	Past due but not impaired						
	Not due receivables	Less than one month	1-2 months	2-3 months	3-4 months	More than 4 months	Total
31 December 2020	415.245.603	4.594.982	149.795	33.531	1.813	1.045.170	421.070.894
31 December 2019	307.691.413	5.707.272	1.396.677	131.144	142.840	633.899	315.703.245

Trade payables
Short-term trade payables

	31 December 2020	31 December 2019
Suppliers, net	349.700.133	261.921.900
Due to associates (Note 26)	1.258.933	2.667.773
Due to related parties (Note 26)	92.041.756	90.448.372
Due to shareholders (Note 26)	904.274	717.900
	443.905.096	355.755.945

The average payment period of trade payables is between 30 to 45 days, (December 31, 2019: between 30 to 45 days)

The effective interest rates used to calculate net book value of the payables are 16.28% for TRY and 0.238% for USD (December 31, 2019 11.021% for TRY – 1.983 % for USD),

8. Other receivables, other payables, deferred income and employee benefit obligations**Short-term other receivables**

	31 December 2020	31 December 2019
Deferred VAT	50.500.445	50.211.686
Insurance payables	566.023	478.782
Due from personnel (Note 26)	387.254	131.105
Deposits and guarantees given	9.550	9.550
Other	967.004	866.445
	52.430.276	51.697.568

	31 December 2020	31 December 2019
Deposits and guarantees received	6.444.729	4.000.345
Taxes and funds payable	3.432.032	2.382.681
Other payables (*)	7.181.122	6.427.617
	17.057.883	12.810.643

(*) A large part of the balance consists of the part of the State share from the income to be obtained through mining,

Short-term deferred income

	31 Aralık 2020	31 Aralık 2019
Advances received	14.155.450	2.526.264
Other deferred revenue	791.142	9.761
	14.946.592	2.536.025

Short-term employee benefit obligations

	31 Aralık 2020	31 Aralık 2019
Social security premiums payable	3.543.134	3.573.796
Due to personnel (Note 26)	1.122.674	2.069.378
Taxes and funds payable	2.868.720	3.069.693
	7.534.528	8.712.867

Other long-term receivables

	31 Aralık 2020	31 Aralık 2019
Deposits and guarantees given	4.554.520	3.829.453
	4.554.520	3.829.453

9. Inventories

	31 December 2020	31 December 2019
Raw materials, net	141.519.685	118.034.393
Semi finished goods	20.057.168	35.774.826
Finished goods	14.674.673	21.011.286
Goods in transit	3.825.222	6.405.123
	180.076.748	181.225.628

As of December 31, 2020 and 2019, the movement of provision for impairment of inventories is presented below:

	2020	2019
1 January	25.975.883	23.539.883
Current year charge (*)	2.537.798	2.436.000
31 December	28.513.681	25.975.883

(*) Accounted for under cost of sales,

10. Property, plant and equipment

	1 January 2020	Additions	Transfers(*)	Disposals	31 December 2020
Cost					
Land and land improvements	167.107.113	-	4.370.313	(5.821.652)	165.655.774
Buildings	310.910.271	-	8.270.733	-	319.181.004
Machinery and equipment	1.651.322.629	143.783	92.049.167	(8.668.801)	1.734.846.778
Furniture, fixtures and motor vehicles	97.783.091	839.193	7.985.363	(1.661.483)	104.946.164
Leasehold improvements	84.696.610	3.333	1.261.547	(10.803)	85.950.687
Construction-in-progress	26.698.473	121.569.263	(119.011.588)	-	29.256.148
Total	2.338.518.187	122.555.572	(5.074.465)	(16.162.739)	2.439.836.555
Less: Accumulated depreciation:					
Land and land improvements	92.020.920	3.033.168	-	-	95.054.088
Buildings	213.725.452	10.012.007	-	-	223.737.459
Machinery and equipment	1.092.517.868	57.122.512	-	(8.483.915)	1.141.156.465
Furniture, fixtures and motor vehicles	65.025.858	8.350.169	-	(1.390.233)	71.985.794
Leasehold improvements	49.125.455	5.934.553	-	(5.087)	55.054.921
Total	1.512.415.553	84.452.409	-	(9.879.235)	1.586.988.727
Property, plant and equipment, net	826.102.634				852.847.828

(*) As of 31 December 2020, there is TRY 5,074,465 transfer from investments to intangible assets (31 December 2019 - 1,312,995 TRY)

As of December 31, 2020, the total cost of tangible assets purchased with financial leasing amounts

TRY 14,694,343 (December 31, 2019 – TRY 15,675,764) and the total accumulated depreciation amounts TRY 9,180,538 (December 31, 2019 – TRY 10,071,655).

As of December 31, 2020, total gross value of property, plant and equipment and intangible assets which are fully depreciated/amortized but are still in use is TRY 975,598,773 (December 31, 2019 – TRY 918,823,792),

Pledge and mortgages on assets

There are no pledges or mortgages on Group's property, plant and equipment as of December 31, 2020 and December 31, 2019.

11. Intangible assets

	1 January 2019	Additions	Transfers	Disposals	31 December 2020
Cost					
Land and land improvements	173.644.125	-	3.891.553	(10.428.565)	167.107.113
Buildings	310.007.400	5.000	1.837.980	(940.109)	310.910.271
Machinery and equipment	1.609.133.747	143.508	53.742.344	(11.696.970)	1.651.322.629
Furniture, fixtures and motor vehicles	96.893.106	639.215	4.173.474	(3.922.704)	97.783.091
Leasehold improvements	78.080.704	12.680	10.106.745	(3.503.519)	84.696.610
Construction-in-progress	21.990.164	79.773.400	(75.065.091)	-	26.698.473
Total	2.289.749.246	80.573.803	(1.312.995)	(30.491.867)	2.338.518.187
Less: Accumulated depreciation:					
Land and land improvements	90.540.214	3.022.529	-	(1.541.823)	92.020.920
Buildings	203.547.118	10.387.515	-	(209.181)	213.725.452
Machinery and equipment	1.047.194.097	55.083.568	-	(9.759.797)	1.092.517.868
Furniture, fixtures and motor vehicles	60.363.612	8.020.171	-	(3.357.925)	65.025.858
Leasehold improvements	45.552.679	6.429.058	-	(2.856.282)	49.125.455
Total	1.447.197.720	82.942.841	-	(17.725.008)	1.512.415.553
Property, plant and equipment, net	842.551.526				826.102.634

(*) As of 31 December 2020, there is TRY 5,074,465 transfer from investments to intangible assets (31 December 2019 - 1,312,995 TRY)

As of December 31, 2020, the total cost of tangible assets purchased with financial leasing amounts TRY 14,694,343 (December 31, 2019 – TRY 15,675,764) and the total accumulated depreciation amounts TRY 9,180,538 (December 31, 2019 – TRY 10,071,655).

As of December 31, 2020, total gross value of property, plant and equipment and intangible assets which are fully depreciated/amortized but are still in use is TRY 975,598,773 (December 31, 2019 – TRY 918,823,792),

Pledge and mortgages on assets

There are no pledges or mortgages on Group's property, plant and equipment as of December 31, 2020 and December 31, 2019.

	1 January	Additions / charge	Transfers from construction- in-progress	Disposals	31 December 2019	1 January 2019
2019						
Cost						
Rights and other intangibles		85.374.407	-	5.074.465	-	90.448.872
Less: Accumulated amortization						
Rights and other intangibles		42.869.603	3.211.323	-	-	46.080.926
Intangible assets, net		42.504.804				44.367.946

Yapılmakta olan

	1 January 2019	Additions / charge	Transfers from construction-in- progress	Disposals	31 December 2019
Cost					
Rights and other intangibles	84.461.209	7.538	1.312.995	(407.335)	85.374.407
Less: Accumulated amortization					
Rights and other intangibles	39.150.857	3.999.918	-	(281.172)	42.869.603
Intangible assets, net	45.310.352				42.504.804

(*) As of December 31, 2020, intangible assets amounting to TRY 45,233,220 consist of mining rights (December 31, 2019 - TRY 44,995,972),

(**) As of December 31, 2020, TRY 12,999,840 of this amount consists of mining rights related accumulated amortization (December 31, 2019 - TRY 12,627,282),

12. Goodwill

The Group has finalized the fair value determination of the assets and liabilities of the Ladik Cement Plant purchased as of May 1, 2007 and the goodwill has been recorded as TL 129.457.887.

The Group has purchased the Çarşamba Hazır Beton Plant for TL 1.059.322 as of 28 November 2018 and has recorded the goodwill amounting to TL 622.982 to the records of machinery and equipment amounting to TL 436.340.

	31 December 2020	31 December 2019
Ladik Cement Plant	129.457.887	129.457.887
Çarşamba Hazır Beton Plant	622.982	622.982
	130.080.869	130.080.869

Goodwill is subject to impairment test every year. The recoverable amounts of cash generating units are determined on value in use basis.

Value in use is determined by discounting the expected future cash flows to be generated by the cash-generating unit. The below key assumptions are used in the calculation of the value in use as of December 31, 2020.

As of December 31, 2020, the Group has performed an impairment analysis on the goodwill account based on the value of the cash-generating unit it is involved in. As a result of this study, it has not required any reserve. In this analysis; the principal assumptions used to make the discounted cash flow projected in TRY denominated financial budgets up to 2025 are the weighted average cost of capital using a rate of 17.55% (31 December 2019 – 15.62%) under the 1.00% (31 December 2019 – 1.00%) sensibility test. The Group foresees that a five-year analysis is appropriate for the evaluation of operational results and prospective forecasts in its sector and restates the impairment test on five-year budgets.

31 December 2020			
	Currency	Discount Rate (%)	Change Effect %1 +/-
Ladik	TRY	17,72	(34.030.010)/43.062.587

13. Provisions, contingent assets and liabilities**Short-term provisions for employee benefits**

	31 December 2020	31 December 2019
Vacation pay liability	4.154.079	4.540.864
Bonus accruals to be paid to executive management	6.456.300	-
	10.610.379	4.540.864

Other short-term provisions

	31 Aralık 2020	31 Aralık 2019
Provision for lawsuits	7.554.938	4.407.935
Other	86.921	125.377
	7.641.859	4.533.312

Movement of short-term provisions:

	Provision for lawsuits (Note 21)	Vacation pay liability	Bonus accruals to be paid to executive management	Other
January 1, 2020	4.407.935	4.540.864	-	125.377
Change in vacations, net	-	294.001	-	-
Current year charge	4.404.531	-	8.992.968	-
Payments	(1.257.528)	(680.786)	(2.536.668)	(38.456)
31 December 2020	7.554.938	4.154.079	6.456.300	86.921

	Provision for lawsuits (Note 21)	Vacation pay liability	Bonus accruals to be paid to executive management	Other
January 1, 2019	3.929.524	3.879.167	4.061.004	2.761.027
Change in vacations, net	-	1.757.454	-	-
Current year charge	2.409.059	-	(1.298.336)	-
Payments	(1.930.648)	(1.095.757)	(2.762.668)	(2.635.650)
31 December 2019	4.407.935	4.540.864	-	125.377

Other long-term provisions

Provision to make mine fields natural	31 December 2020	31 December 2019
January 1	4.433.339	2.779.836
Current year charge/(reversal)	680.880	821.204
Discount effect	(574.167)	832.299
	4.540.052	4.433.339

Guarantees received and given

As of 31 December 2020 and 31 December 2019, the guarantees given and taken in the name of the Group's own legal entity are as follows:

		31 December 2020		31 December 2019	
	Currency	Original Amount	Original Amount	Original Amount	Original Amount
Guarantee letters received	Eur	514.950	4.638.614	549.410	3.653.906
Guarantee letters received	TRY	233.988.912	233.988.912	233.381.828	233.381.828
Mortgages received	TRY	60.850.203	60.850.203	44.409.761	44.409.761
Cheques and notes received	TRY	14.494.509	14.494.509	14.419.509	14.419.509
Cheques and notes received	Eur	53.100	478.319	53.100	353.147
Cheques and notes received	USD	135.225	992.619	135.225	803.264
Total guarantees received			315.443.176		297.021.415

		31 December 2020		31 December 2019	
Currency	Original Amount	Original Amount	Original Amount	TRY equivalent	
A, Total amount of guarantees given on the behalf of legal entity		48.004.127		24.894.053	
TRY	28.419.673	28.419.673	23.896.099	23.896.099	
USD	2.668.000	19.584.454	168.000	997.954	
EUR	-	-	-	-	
B, Total amount of guarantees given on behalf of associations that included in full consolidation					
	-	-	-	-	
C, Total amount of guarantees given on behalf of third parties					
i, Total amount of guarantees given on behalf of main shareholder	-	-	-	-	
ii, Total amount of guarantees given on behalf of group Company which is not under Section B and C	-	-	-	-	
iii, Total amount of guarantees given on behalf of third parties which is not under Section C	-	-	-	-	
Total guarantees received		48.004.127		24.894.053	

The percentage of the Group's other GPMs to the Company's equity is 0% as of December 31, 2020 (December 31, 2019 0%).

Insurance coverage on assets

Insurance coverage on assets including cash, inventories and property, plant and equipment of the Group is TRY 5,961,804,212 (31 December 2019 – TRY 4,711,296,212).

13. Provisions, contingent assets and liabilities (continued)**Lawsuits**

As of December 31, 2020, there were a number of legal proceedings outstanding against the Group in which total claims amounted to TRY 37,985,619 (December 31, 2019 – TRY 13,828,582). These lawsuits principally involve matters relating to employee claims against the Group or claims by the families of employees due to accidents which occurred at work and cases opened by third parties due to accidents because of the alleged negligence of the Group's personnel. As of December 31, 2020, the Group has provided a provision for an amount of TRY 7,554,938 (December 31, 2019– TRY 4,407,935) .

Possible contingencies related to environment law and land protection and utilization law

According to the Environment Law, the operations of the Group such as mining, cement production are subject to legislation in Turkey. All liabilities such as taxes, duties and emission fees resulting from this legislation have been fulfilled by the Group. However, this legislation did not specifically address the costs that could arise from recovering the damage, pollution in the land while vacating the mines. The Group calculated the estimated cost of the actions that the Group deems that would meet the requirements of legislation related with the mining area it operates on. As a result, related with the surface area which is already excavated as of December 31, 2020, the Group has accounted a recultivation provision at an amount of TRY 4,540,052 (31 December 2019 – TRY 4,433,339) in "Long-term provisions".

14. Right of use assets

	1 January 2020	Effect of change in accounting policies	Addition	Disposal	31 December 2020
Cost					
Property	70.141.785	-	16.628.494	(1.478.447)	85.291.832
Fixtures	11.148.971	-	1.819.054	-	12.968.025
Vehicles	10.834.290	-	5.623.368	-	16.457.658
Total	92.125.046	-	24.070.916	(1.478.447)	114.717.515
Minus: Accumulated depreciation					
Property	7.195.302	-	7.313.361	-	14.508.663
Fixtures	718.205	-	1.235.158	-	1.953.363
Vehicles	2.562.457	-	4.813.907	-	7.376.364
Total	10.475.964	-	13.362.426	-	23.838.390
Right of use assets, net	81.649.082	-			90.879.125

	1 Ocak 2019	Muhasebe politikalarındaki değişimin etkisi	Girişler	Çıkışlar	31 Aralık 2019
Maliyet					
Gayrimenkuller	-	65.924.863	4.216.922	-	70.141.785
Demirbaşlar	-	347.598	11.044.905	(243.532)	11.148.971
Taşıtlar	-	3.413.279	7.421.011	-	10.834.290
Toplam	-	69.685.740	22.682.838	(243.532)	92.125.046
Eksi: Birikmiş amortisman					
Gayrimenkuller	-	-	7.195.302	-	7.195.302
Demirbaşlar	-	-	726.061	(7.856)	718.205
Taşıtlar	-	-	2.562.457	-	2.562.457

Toplam	-	-	10.483.820	(7.856)	10.475.964
Maddi varlıklar, net	-	69.685.740			81.649.082

15. Employee benefits

Long-term provision for employee termination benefits

	31 December 2020	31 December 2019
Provision for employee termination benefits	46.576.784	42.299.223
Seniority incentive premium	12.361.561	10.553.041
	58.938.345	52.852.264

According to the Turkish Labor Law, the Group is obliged to pay a certain amount of severance pay to the personnel who have left their jobs due to retirement after the service for at least one year or whose employment is terminated due to reasons other than resignation and bad situation, The amount payable consists of one month's salary limited to a maximum of TRY 7,117,17 as of December 31, 2020

(31 December 2019 - TRY 6,379,86) for each year of service.

Turkey Accounting Standards (TAS) 19 (Employee Benefits) in accordance with the required actuarial calculations is to calculate the company's obligations, The Group has reflected the retirement pay provision in accordance with TAS 19 using the Projection Method and the actuarial method and assumptions based on the calculations made by the professional actuary, All actuarial gains and losses are recognized in other comprehensive income / (expense) in equity. The main actuarial assumptions used to calculate the liability at the balance sheet dates are as follows:

	31 December 2020	31 December 2019
Discount rate	%12,30	%12,60
Estimated salary increase rate	%8,00	%8,00

Movement of the reserve for the employee termination benefits as of December 31, 2020 and December 31, 2019 is as follows:

Provision for employee termination benefits	31 December 2020	31 December 2019
January 1	42.299.223	37.833.667
Retirement pay liability paid	(5.532.251)	(8.609.941)
Actuarial gain/loss	3.421.486	5.875.113
Interest expense	5.247.107	6.072.233
Charge for the year	1.141.219	1.128.151
	46.576.784	42.299.223

On January 31, 2020, the Group has signed the Collective Bargaining Agreement with effect from January 1, 2019 to December 31, 2020, by agreeing to Collective Labor Agreement negotiations between the Cement Industry Employers' Union and T. Çimse-İş Trade Union.

Seniority incentive premium	31 December 2020	31 December 2019
Opening	10.553.041	8.080.969
Paid seniority incentive premium	(1.566.347)	(1.613.531)
Interest expenses	1.242.014	1.236.870
Charge for the year	2.132.853	2.848.733
	12.361.561	10.553.041

Seniority incentive premium is the employee benefit provided in accordance with the Group policy and the liability as of balance sheet date is recognized in the financial statements after discounting to the present value by using the effective discount rate,

16. Prepaid expenses, other assets and liabilities

Short-term prepaid expenses

	31 December 2020	31 December 2019
Prepaid expenses	43.618.013	8.730.198
Advances given to suppliers	9.302	138.489
	43.627.315	8.868.687

Long-term prepaid expenses

	31 December 2020	31 December 2019
Advances given for capital expenditures	3.770.942	1.526.267
Prepaid rent expenses	1.563.907	89.700
	5.334.849	1.615.967

17. Shareholders' equity**Issued capital and adjustments to share capital and equity investments**

	31 Aralık 2020	31 Aralık 2019
Number of common shares (authorized and outstanding)		
TRY 0,01 per value	19.144.706.825	19.144.706.825

As of December 31, 2020, the Company's paid-in capital is TRY 191,447,068 (December 31, 2019 - TRY 191,447,068) (based on historical costs),

As of 31 December 2020 and 31 December 2019, the Company's shareholding structure and shareholders' shares are as follows:

	31 December 2020		31 December 2019	
	Amount	%	Amount	%
Hacı Ömer Sabancı Holding A.Ş.,	76.035.136	39,72	76.035.136	39,72
HeidelbergCement AG	76.035.135	39,72	76.035.135	39,72
Quoted shares	39.376.797	20,56	39.376.797	20,56
Total nominal capital	191.447.068	100,00	191.447.068	100,00

There is no additional right, privilege and restriction related with these shares.

Legal and other reserves

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable instalments and advance dividend can be paid in accordance with profit on interim financial statements of the Company.

In accordance with the Turkish Commercial Code (TCC), unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

Inflation adjustments to issued capital and historical amount of extraordinary reserves can be used for in kind capital increase, dividend distribution in cash or the net loss deduction. However, the inflation adjustment to issued capital is subject to corporate tax if used in dividend distribution in cash.

As of December 31, 2020 and December 31, 2019, the composition of consolidated legal reserves, statutory reserves, extraordinary reserves, accumulated profit (loss) and other reserves can be summarized as follows:

	31 December 2020	31 December 2019
Legal reserves	226.383.911	222.657.554
Statutory reserves	35	35
Extraordinary reserves	4.883.792	21.162.514
Accumulated profit due to inflation difference	7.758.970	7.758.970
Other reserves	65.489.148	37.385.083

The Company resolved at the General Assembly meeting to pay TRY 1,00 gross=net dividend to TRY 0,7980 nominal share resulting in 79.80% to the fully fledged tax payers and foreign-based tax payers earning dividend through an office or an ordinary agent in Turkey, In addition, TRY 0,2320 gross, TRY 0,20570 net dividend to TRY 1 nominal share resulting in 79.80 % has been paid to other shareholders, Total of TRY 46,612,297 cash dividend payment has been made starting from March 26, 2020.

The Company resolved at the General Assembly meeting to pay TRY 0,7980 gross=net dividend to TRY 1,00 nominal share resulting in 79.80 % to the fully fledged tax payers and foreign-based tax payers earning dividend through an office or an ordinary agent in Turkey, In addition, TRY 0,7980 gross, TRY 0,67830 net dividend to TRY 1 nominal share resulting in 79.80 % has been paid to other shareholders, Total of TRY 154,166,698 cash dividend payment has been made starting from March 29, 2019.

Non-controlling interests

All non-controlling shares are eliminated from equity accounts, including paid-in capital, of consolidated subsidiaries and presented as "Non-controlling interests" in "Shareholders' equity" in the consolidated balance sheet.

18. Revenue and cost of sales**Revenue**

	1 January - 31 December 2020	1 January - 31 December 2019
Domestic sales	1.080.657.385	1.110.613.731
Foreign sales	887.094.499	702.468.756
Sales discount (-)	(8.147.211)	(8.233.926)
Other discounts (-)	(46.419.454)	(40.189.975)
	1.913.185.219	1.764.658.586
Domestic service sales (*)	53.922.858	61.447.238
Total	1.967.108.077	1.826.105.824

Cost of sales

	1 January - 31 December 2020	1 January - 31 December 2019
Direct material and supplies expenses	1.194.640.757	1.186.865.590
Direct labor expenses	103.921.499	94.018.805
Depreciation and amortization expenses	85.436.319	82.357.382
Other production expenses	132.188.800	94.374.379
Total production cost	1.516.187.375	1.457.616.156
Change in work-in-process	15.717.658	28.399.161
Beginning finished goods	35.774.826	64.173.987
Ending finished goods	20.057.168	35.774.826
Change in finished goods	6.336.613	4.860.853
Beginning finished goods	21.011.286	25.872.139
Ending finished goods	14.674.673	21.011.286
Cost of merchandise sold	75.053.464	54.574.236
Cost of domestic service sold	21.868.056	27.660.141
Total	1.635.163.166	1.573.110.547

(*) Domestic service sales are the service income generated by the Group from port operations.

19. Marketing and general administrative expenses

	1 January - 31 December 2020	1 January - 31 December 2019
General administrative expenses	92.552.123	82.462.345
Marketing expenses	17.340.831	23.328.261
	109.892.954	105.790.606

	1 January - 31 December 2020	1 January - 31 December 2019
General and administrative expenses		
Personnel expenses	51.462.017	37.398.723
Consultancy expenses	8.081.340	8.422.025
Outsourced services	7.283.159	6.618.181
Depreciation and amortization	12.019.232	11.302.543
Rent expenses	850.334	2.181.154
Representation and entertainment expenses	1.403.062	4.127.272
Traveling expenses	232.896	155.604
Taxes, duties and fees	1.324.915	2.476.264
Insurance expenses	962.651	769.685
Other expenses	878.322	406.639
General and administrative expenses	8.054.195	8.604.255
	92.552.123	82.462.345

Marketing expenses		
Personnel expenses	11.653.303	9.819.900
Representation and entertainment expenses	285.855	1.657.277
Sales guarantee expenses	1.264.279	2.213.542
Rent expenses	360.552	901.605
Outsourced services	1.039.101	965.066
Traveling expenses	530.286	1.115.471
Depreciation and amortization expenses	1.335.227	795.000
Employee termination benefits	54.381	171.775
Taxes, duties and fees	434.252	262.197
Doubtful receivable expenses (Note 7)	(1.037.044)	3.820.263
Other expenses	1.420.639	1.606.165
	17.340.831	23.328.261

20. Expenses by nature**Depreciation and amortization expenses**

	1 January - 31 December 2020	1 January - 31 December 2019
Property, plant and equipment		
Production costs	83.862.495	76.059.141
General administrative expenses	10.503.664	5.289.362
Marketing expenses	1.329.884	223.484
Other operating expenses	2.118.792	1.370.854
Total amortization expenses	97.814.835	82.942.841
Personnel expenses		
Wages and salaries	1.573.824	814.162
Other social expenses	1.515.568	3.161.738
Provision for employee termination benefits, net (Note 15)	5.343	5.631
Personnel expenses	116.588	18.387
Total amortization expenses	3.211.323	3.999.918

Personnel expenses

	1 January - 31 December 2020	1 January - 31 December 2019
Personnel expenses		
Wages and salaries	143.479.436	119.492.084
Other social expenses	19.453.628	19.384.103
Provision for employee termination benefits, net (Note 15)	4.391.032	7.200.684
	167.324.096	146.076.871

21. Other operating income / expenses**Other operating income**

	1 January - 31 December 2020	1 January - 31 December 2019
Operational foreign exchange gains	17.122.729	12.445.474
Rent income	2.758.022	6.381.230
Gain on sale of auxiliary materials	2.088.948	1.703.390
Late charges	1.015.211	3.627.698
Credit finance income arising from trading activities	-	8.032.611
ther	4.442.089	3.331.953
	27.426.999	35.522.356

Other operating expenses (-)

	1 January - 31 December 2020	1 January - 31 December 2019
Operational foreign exchange losses	25.416.744	16.097.408
Donations	4.599.013	3.865.148
Property and estate taxes	4.569.218	4.355.024
Credit finance charges arising from trading activities	6.377.949	-
Expense of rented terminals	2.417.698	3.330.472
Legally disallowable expenses (*)	2.892.367	1.883.279
Provision for lawsuits (Note 13)	3.147.004	478.411
Indemnity and punishments	1.257.528	1.930.648
Waste disposal costs	680.880	1.329.616
Provision to make mine fields natural	8.024.339	-
Other	6.434.823	898.077
	65.817.563	34.168.083

(*) Consists of administrative fines, litigation and dues.

(**) Reeskont gelir ve gideri net gösterilmiştir.

22. Income from investing activities

As of December 31, 2020 and December 31, 2019, income from investing activities are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Dividend income (*)	1.370.377	9.893.237
Gain on sales of fixed assets	1.761.448	60.739.166
	3.131.825	70.632.403

(*) As of December 31, 2020 and December 31, 2019, details of dividend income are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Arpaş	1.370.377	9.825.732
Eterpark	-	67.505
	1.370.377	9.893.237

23. Financial income and expenses (Continued)

As of December 31, 2020 and December 31, 2019, details of financial income are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Financial foreign exchange gains	42.181.292	10.367.604
Interest income	14.915.826	12.732.941
	57.097.118	23.100.545

As of December 31, 2020 and December 31, 2019, details of financial expenses are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Financial foreign exchange losses	23.661.134	16.091.067
Interest expenses	74.376.761	138.887.007
	98.037.895	154.978.074

24. Tax assets and liabilities (including deferred tax assets and liabilities)

As of December 31, 2020 and December 31, 2019, details of deferred tax assets and liabilities are as follows:

	Deferred tax assets (*)		Deferred tax liabilities (*)		Deferred tax income/ (expense)	
					1 January-	1 January-
	31 December	31 December	31 December	31 December	31 December	31 December
	2020	2019	2020	2019	2020	2019
Temporary differences	-	-	-	(188.564)	188.564	-
Useful life and valuation differences on tangible and intangible assets	231.277	-	(29.340.129)	(28.997.312)	(111.540)	(776.537)
Goodwill	-	-	(25.991.255)	(25.966.335)	(24.920)	(24.919)
Inventories	8.111.516	5.874.792	-	-	2.236.724	342.727
Allowance for employee termination benefits	3.665.328	8.630.961	-	-	(4.965.633)	932.660
Allowance for unearned/unaccrued interest included in receivables and payables, net	808.094	482.141	(715.757)	-	(389.804)	(1.092.775)
Provision to make mine fields natural						
Other timing differences, net (including revaluation fund)	908.010	898.338	-	-	9.672	290.880
Derivative instruments	9.990.312	2.516.215	(3.028.951)	(2.678.077)	7.123.223	1.556.622
Financial loss	-	-	-	-	-	(4.348.583)
Tax income/expense related with other comprehensive income	16.832	-	-	-	16.832	-
	-	-	(5.520.730)	(916.103)	(4.604.627)	(2.158.987)
	23.731.369	18.402.447	(64.596.822)	(58.746.391)	(521.509)	(5.278.912)

(*) The net total of these two balances is presented in the balance sheet as deferred tax asset with the amount of TRY 1,253,555 TRY (31 December 2019 – TRY 1,087,305) and deferred tax liability with the amount of TRY 42,119,008 (31 December 2019 – TRY 41,431,249).

24. Tax assets and liabilities (including deferred tax assets and liabilities)(Continued)

As of December 31, 2020 and December 31, 2019, movement of net deferred tax liabilities is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Balance as at January 1	40.343.944	34.876.468
Previous Year correction difference	-	188.564
Charged to the income statement	(4.083.118)	3.643.340
Charged to the other comprehensive income	4.604.627	(258.920)
Changes in accounting policies	-	1.894.492
31 December, net balances	40.865.453	40.343.944

Deferred tax is calculated by using the liability method as the temporary differences between recorded values and tax bases of assets and liabilities in the financial statements. This calculation is made by using the enacted tax rates as of the date of the statement of financial position.

As of January 1, 2018, since the 3-year valid tax rate has changed to 22%, this rate is applied for the deferred tax calculation as of December 31, 2017, for the temporary differences expected to be deferred for 3 years (2018, 2019, 2020). However, since the corporate tax rate for the years after 2021 is 20%, the tax rate applied to calculate expected to be incurred/closed temporary differences.

In Turkey, the corporate tax rate is 20%. However, in accordance with the addition of temporary 10th article to the Corporate Tax Law, 20% corporate tax rate will be applied to the profits of the entities related to their to 2018, 2019 and 2020 tax periods (for the entities with special accounting period, tax periods commenced in the related year) rather than 22%. This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation and by addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation. Corporate tax is required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid by the end of the fourth month.

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

Corporate tax losses can be carried forward for a maximum period of five 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. As of December 31, 2020, the Company does not have tax loss.

As of December 31, 2020 and December 31, 2019, movement of net deferred tax liabilities is as follows:

	31 December 2020	31 December 2019
Current income tax liabilities	35.097.363	6.807.220
Prepaid income tax	(25.070.592)	(2.195.696)
Current income tax liabilities, (net)	10.026.771	4.611.524

24. Tax assets and liabilities (including deferred tax assets and liabilities) (continued)

Income tax payables as of December 31, 2020 and December 31, 2019 are summarized as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Profit before tax and non-controlling interests	145.852.441	87.313.818
At the effective statutory income tax rate of 22 %	(32.087.537)	(19.209.040)
Income not subject to tax	5.422.941	12.062.648
Expenses that are not deductible	(2.680.868)	(5.027.432)
Tax losses	16.832	-
Other	(1.685.613)	(171.228)
	(31.014.245)	(12.345.052)

25. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, As of December 31, 2020 and December 31, 2019 weighted average number of shares is 19,144,706,825.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

Earnings per share and dividends per share distributed as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Net profit for the year	115.043.393	75.220.457
Average number of ordinary shares outstanding (kr 1 each)	19.144.706.825	19.144.706.825
Earnings per share (kr) (*)	0,601	0,393
Dividends distributed	46.330.190	152.712.298
Gross dividends per share (kr) (*)	0,242	0,798

(*) Since all shareholders have same rights and there is not preferred stock, common stock dividend diluted earnings per share amounts do not differ.

26. Related party disclosures

Entities are defined as related if one of the entities has control over the other entity or has a significant influence over the other entity's financial and administrative decisions. The Company is controlled by Hacı Ömer Sabancı Holding A.Ş. (39.72%) (December 31, 2019 – 39.72%) and Heidelbergcement Group (39.72%) (December 31, 2019 – 39.72%). For the purpose of the consolidated financial statements, shareholder companies, financial investments and its associates and subsidiaries and other Sabancı and Heidelbergcement Group companies are presented separately and those companies and their senior executives are referred to as related parties.

Related party balances as of December 31, 2020 and December 31, 2019 and related party transactions for the years ended December 31, 2019 comprise mainly following:

Sales to related parties

Related Parties	1 January – 31 December 2020			1 January– 31 December 2019		
	Product	Service	Other	Product	Service	Other
Shareholders						
Hacı ÖmerSabancı Holding A.Ş.,	-	-	-	-	-	8.614
Financial assets						
Çimsa Çimento Sanayi ve Ticaret A.Ş., (Çimsa)	-	-	114.998	160.11	-	74.793
Arpaş Ambarlı Römorkaj Pilotaj Ticaret A.Ş., (Arpaş)	-	-	-	-	-	680.811
Other (*)						
HeidelbergCement A.G,	-	-	686.741	-	-	1.312,56
HC Trading Malta Ltd,	888.029.621	-	26.52	705.634.3	-	-
Carrefoursa Sabancı Ticaret Merkezi A.Ş.,	-	-	-	-	-	6.360
Enerjisa Enerji	-	-	-	-	-	193.255
Enerjisa Üretim Santralleri A.Ş.,	-	-	-	-	-	1.802.785
Sabancı Dijital Teknoloji Hiz. Tic. A.Ş.	-	-	15.36	-	-	-

(*) They are company partner partners.

Related Parties	1 January – 31 December 2020			1 January – 31 December 2019		
	Product	Service	Other (*)	Product	Service	Other (*)
Shareholders						
Hacı Ömer Sabancı Holding A.Ş.,	-	-	1.584.035	-	-	1.257.376
Financial assets						
Çimsa	5.358.558	-	154.586	3.254.710	-	511.126
Liman İşletmeleri ve Nakliyecilik A.Ş., (Liman İşletmeleri)	-	1.263.123	323.095	-	-	2.138.765
Eterpark End, Ürün,						
İmal,Tic,lth,lhr,Paz,A,Ş,(Eterpark)	-	-	1.715.543	-	-	1.349.479
Altaş ambarlı liman tesisleri tic. a.ş, (altaş)	-	-	2.464.083	-	-	1.601.175
Arpaş ambarlı römorkaj pilotaj tic a.ş (arpaş)						
	-	-	-	-	3.174	5.000
Other (**)						
Aksigorta Sigortacılık A.Ş.,	-	-	8.061.267	-	-	6.710.137
Brisa Bridgestone Lastik Sanayi ve Ticaret A.Ş.,	-	-	619.851	-	-	304.454
Bimsa Uluslararası İş Bilgi ve Yönetim Sistemleri A.Ş.,	-	-	6.918.458	-	-	-
Kardemir Demir Çelik San, Ve Tic, A.Ş.,	3.474.801	-	15.631	3.655.558	-	-
Avivasa Sigorta A.Ş.,	-	-	307.864	-	-	264.588
Teknosa İç ve Dış Tic, A.Ş.,	-	-	289.272	-	-	58.878
Carrefoursa	-	-	1.619.338	-	-	346.400
HeidelbergCement A.G,	-	-	31.401	-	-	-
HC Trading Malta Limited	-	-	19.199.909	-	-	67.703.040
Enerjisa Üretim Santralleri A.Ş.,	-	-	242.615.314	-	-	202.488.639
Enerjisa Enerji A.Ş.,	-	-	6.746.296	-	-	22.977.575
HC Technology Center	-	1.550.823	-	-	1.116.905	-
Kordsa	-	-	564.765	-	-	2.661.264
Vista Turizm ve Seyahat A.Ş.,	-	-	473.885	-	-	-
Afyon Çimento Sanayi Türk A.Ş.,	841.909	-	-	-	-	-
Temsa İş Makinaları İmalat Pazarlama ve Satış A.Ş.,	-	-	125.862	-	-	153.612
HC Green Trading	-	-	-	-	-	6.442.638

(*) The majority of the assets consist of the purchase or sale of tangible assets, the due date difference and the foreign exchange difference.

(**) Related companies of the Company's shareholders.

(***) Şirket üretim maliyetlerinin önemli bir kısmını oluşturan elektrik giderini bu firmadan karşılamaktadır.

(****) Şirket ithalat işlemlerine ilişkin olmaktadır.

26. Related party disclosures (Continued)

	Due from related parties		Due to related parties	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Shareholders				
Hacı Ömer Sabancı Holding A.Ş.	-	-	904.274	717.900
Total (*)	-	-	904.274	717.900
Finansal yatırımlar				
Çimsa	-	15.262	658.017	1.789.674
Liman İşletmeleri	-	-	249.197	172.871
Eterpark	-	-	13.311	371.019
Altaş	-	-	338.408	334.209
Total (*)	-	15.262	1.258.933	2.667.773
Other (***)				
Aksigorta Sigortacılık A.Ş.	11.223	-	-	44.767
Brisa Bridgestone Lastik Sanayi ve Ticaret A.Ş.	-	-	459.247	145.288
Teknosa A.Ş.	-	-	14.545	6.183
Bimsa Uluslararası İş Bilgi ve Yönetim Sistemleri A.Ş.	-	-	6.168.043	646.677
Avivasa Sigorta A.Ş.	-	8.148	14.572	-
Enerjisa Enerji A.Ş.	-	-	1.083.041	-
Enerjisa Üretim Santralleri A.Ş.	-	-	82.920.424	68.370.227
HeidelbergCement A.G.	167.768	1.075.902	-	-
HC Trading Malta Ltd.	20.662.139	50.100.123	175.015	18.510.542
Kardemir Demir Çelik San. Ve Tic. A.Ş.	185.458	1.960.557	437.588	424.260
Çukurova Dış Ticaret A.Ş.	5.442	5.442	-	-
Vista Turizm ve Seyahat A.Ş.	9.842	-	-	-
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş.	-	-	46.569	-
Temsa İş Makinaları İmalat Pazarlama ve Satış A.Ş.	-	-	29.104	51.724
HC TechnologyCenter	-	-	693.608	617.186
Kordsa	-	-	-	1.631.518
Akbank	171.933	207.349	-	-
Total	21.213.805	53.357.521	92.041.756	90.448.372
Personel (**)	387.254	131.105	1.122.674	2.069.378
Total	21.601.059	53.503.888	95.327.637	95.903.423

(*) The majority of the assets consist of the purchase or sale of tangible assets, the due date difference and the foreign exchange difference.

(**) Related companies of the Company's shareholders.

(***) Related parties of Company shareholders

26. Related party disclosures (Continued)

As of December 31, 2020, receivables from "Direct debit system" in trade receivables amounting to TRY 3,938,685 (December 31, 2019 – TRY19,234,290) are receivables from Akbank T.A.Ş.

	31 December 2020	31 December 2019
Deposit at banks		
Akbank T,A,Ş,	143.074.650	102.347.486
Financial liabilities		
Akbank T,A,Ş,	105.239.338	190.265.143
	1 January - 31 December 2020	1 January - 31 December 2020
Financial expenses to related parties		
Akbank T,A,Ş,	13.925.319	11.414.219
Interest income from related parties		
Akbank T,A,Ş,	4.654.016	6.533.181
Commission income		
Arpaş	-	971.000
Donations		
Sabancı Üniversitesi	103.193	119.423
Vaksa Hacı Ömer Sabancı Vakfı (*)	2.660.000	2.012.500
	2.763.193	2.131.923

(*) Provizyonel tutardır.

Executive members' remuneration

	1 January - 31 December 2020	1 January - 31 December 2019
Short-term benefits provided to executive management	8.147.096	6.980.472
Post-employment benefits	128.735	1.212.040
Other long-term benefits	315.423	171.898
Total benefits	8.591.254	8.364.410
Employer's social security premium portion	382.406	362.765

27. Nature and level of risks arising from financial instruments**Financial risk management objectives and policies**

The Group's principal financial instruments are bank borrowings, leasing, cash and cash equivalents. The main purpose of use of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risks, credit risk and liquidity risk. The Group management reviews and agrees policies for managing each of the risks as summarized below. The Group also follows market risk that arises from using financial instruments.

Foreign currency risk

The Group is exposed to foreign currency risk due to the transactions made in foreign currency. This risk occurs due to purchases, sales and bank borrowings of the Group which are denominated in currencies other than the functional currency.

The Group's net foreign currency position as of December 31, 2020 and December 31, 2019 are TRY 22,716,689 long (asset) and TRY 10,473,064 long (asset), respectively.

Foreign currency position of the Group is as follows:

Table of foreign currency position						
Current Period 31 December 2020						
	TRY equivalent (functional currency)	USD	Eur	GBP	AUD	SEK
1, Trade receivables	24.095.487	2.851.468	351.279	-	-	-
2a, Monetary financial assets (including cash and bank accounts)	70.316.987	9.148.953	350.703	-	-	-
Total currency assets (1+2a)	94.412.474	12.000.421	701.982	-	-	-
3, Trade payables	(71.695.785)	(6.374.216)	(2.764.890)	-	-	-
4, Financial liabilities	-	-	-	-	-	-
Total foreign currency liabilities	(71.695.785)	(6.374.216)	(2.764.890)	-	-	-
Net foreign currency position	22.716.689	5.626.205	(2.062.908)	-	-	-
	887.094.499	124.268.597	-	-	-	-
Exports(*)						
Imports(*)	141.056.150	1.904.707	992.600	5.365	3.858	-

Table of foreign currency position						
Current Period 31 December 2019						
	TL Karşılığı (Fonksiyonel para birimi)	ABD Doları	Avro	GBP	AUD	SEK
1, Trade receivables	44.837.907	7.548.215	-	-	-	-
2a, Monetary financial assets (including cash and bank accounts)	15.979.697	1.801.877	793.340	-	-	-
Total currency assets (1+2a)	60.817.604	9.350.092	793.340	-	-	-
3, Trade payables	(50.344.540)	(5.848.161)	(2.346.449)	-	-	-
4, Financial liabilities	-	-	-	-	-	-
Total foreign currency liabilities	(50.344.540)	(5.848.161)	(2.346.449)	-	-	-
Net foreign currency position	10.473.064	3.501.931	(1.553.109)	-	-	-
	702.468.756	120.932.141	-	-	-	-
Exports(*)						
Imports(*)	208.847.215	32.554.833	4.604.785	13.462	60.480	45.660

(*) Import and export figures cover January-December 2019 and January-December 2019

The following table shows the effect of a 20% depreciation of TRY in the pre-tax profit level:

Foreign currency sensitivity analysis

	31 December 2020	
	Profit/ loss	Profit/ loss
	Appreciation of foreign currency	Depreciation of foreign currency
In case of 20% appreciation of USD against TRY:		
1- USD denominated net asset/ liability	8.259.832	(8.259.832)
2- USD denominated hedging instruments (-)	-	-
3- Net effect in USD (1+2)	8.259.832	(8.259.832)
In case of 20% appreciation of EUR against TRY:		
4- EUR denominated net asset/ liability	(3.716.494)	3.716.494
5- EUR denominated hedging instruments (-)	-	-
6- Net effect in EUR (4+5)	(3.716.494)	3.716.494
In case of average 20% appreciation of other exchange rates against TRY:		
7- Other foreign currency denominated net assets, liabilities	-	-
8- Other foreign currency hedging instruments (-)	-	-
9- Net effect in other foreign currency (7+8)	-	-
Total (3+6+9)	4.543.338	(4.543.338)

	31 December 2019	
	Profit/ loss	Profit/ loss
	Appreciation of foreign currency	Depreciation of foreign currency
In case of 20% appreciation of USD against TRY:		
1- USD denominated net asset/ liability	4.160.434	(4.160.434)
2- USD denominated hedging instruments (-)	-	-
3- Net effect in USD (1+2)	4.160.434	(4.160.434)
In case of 20% appreciation of EUR against TRY:		
4- EUR denominated net asset/ liability	(2.065.821)	2.065.821
5- EUR denominated hedging instruments (-)	-	-
6- Net effect in EUR (4+5)	(2.065.821)	2.065.821
In case of average 20% appreciation of other exchange rates against TRY:		
7- Other foreign currency denominated net assets, liabilities	-	-
8- Other foreign currency hedging instruments (-)	-	-
9- Net effect in other foreign currency (7+8)	-	-
Total (3+6+9)	2.094.613	(2.094.613)

There is not any effect of a possible change in foreign exchange rates to equity accounts of the Company.

27. Nature and level of risks arising from financial instruments (continued)**Price risk**

Price risk is a combination of foreign currency risk, interest rate risk and market risk. The Group naturally manages its price risk by comparing the same foreign currency denominated receivable and payables and assets and liabilities bearing interest. The Group closely monitors its market risk by analyzing the market conditions and using appropriate valuation methods.

The Group does not have any floating rate financial instruments. The Group has fixed rate loan.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group manages its credit risk by limiting exposure to any one institution and revaluing the credibility of the related institutions continuously. The total credit risk of the Group is presented in balance sheet.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

The Group manages its credit risk by extending its operations to a large area and avoiding unwanted concentration on people/groups in a specific area/sector. The Group requires collateral from its customers when needed.

Current Period	Receivables				Deposit at banks
	Trade receivables		Other Receivables		
	Related party	Other party	Related	Related party	
Maximum credit risk exposures as of report date (A+B+C+D+E) (1)	21.213.805	421.070.894	387.254	56.597.542	318.373.031
- Guaranteed portion of credit risk by guarantees, etc,	-	268.427.029	387.254	-	-
A, Net book value of financial assets which are not overdue or not impaired (2)	21.213.805	414.489.672	387.254	56.597.542	318.373.031
B, Net book value of financial assets that conditions are reassessed and become not overdue or impaired (3)	-	755.931	-	-	-
C, Net book value of assets which are overdue but not impaired assets	-	5.825.291	-	-	-
- Under guarantee	-	4.275.826	387.254	-	-
D, Net book value of impaired assets	-	-	-	-	-
- Overdue (gross book value)	-	20.026.918	-	-	-
- Impairment (-)	-	(20.026.918)	-	-	-

27. Nature and level of risks arising from financial instruments (Continued)

Prior period	Receivables				Deposit at banks
	Trade receivables		Other Receivables		
	Related party	Related party	Related party	Related party	
Maximum credit risk exposures as of report date (A+B+C+D+E) (1)	53.372.783	315.703.245	131.105	55.395.916	152.041.764
- Guaranteed portion of credit risk by guarantees, etc,	-	295.503.950	131.105	-	-
A, Net book value of financial assets which are not overdue or not impaired (2)	53.372.783	293.955.179	131.105	55.395.916	152.041.764
B, Net book value of financial assets that conditions are reassessed and become not overdue or impaired (3)	-	13.736.234	-	-	-
C, Net book value of assets which are overdue but not impaired assets	-	8.011.832	-	-	-
- Under guarantee	-	22.354.970	131.105	-	-
D, Net book value of impaired assets	-	-	-	-	-
- Overdue (gross book value)	-	21.063.962	-	-	-
- Impairment (-)	-	(21.063.962)	-	-	-

(1) When determining the amount, guaranties received and factors increasing the reliability of the loan are not considered.

(2) Guarantees consist of letters of guarantee, guarantee cheques and mortgages taken from customers.

(3) There has been no collection issues related to these customers in the past.

Liquidity risk

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. The risk is mitigated by matching the cash in and out flow volume supported by committed lending limits from qualified credit institutions.

At liquidation table, the breakdown of non-derivative financial liabilities in accordance with the maturities is presented considering the period from balance sheet date to maturities per written and oral agreements and considering undiscounted cash flows per agreement.

31 December 2020

Maturities per agreement	Carrying value	Contractual undiscounted payment (=I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	Over 5 years (IV)
Non-derivative financial liabilities	1.051.388.437	1.218.349.208	453.463.946	334.689.808	266.721.218	163.474.236
Bank loans	516.308.583	516.590.338	-	316.590.338	200.000.000	-
Financial lease liabilities	91.174.758	254.328.081	6.033.157	18.099.470	66.721.218	163.474.236
Trade payables	443.905.096	447.430.789	447.430.789	-	-	-

Maturities per agreement	Carrying value	Contractual undiscounted payment (=I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	Over 5 years (IV)
Derivative financial liabilities	-	-	-	-	-	-
Derivative debts	-	-	-	-	-	-

27. Nature and level of risks arising from financial instruments (Continued)**31 December 2019**

Maturities per agreement	Carrying value	Contractual undiscounted payment (=I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	Over 5 years (IV)
Non-derivative financial liabilities	832.210.413	965.900.133	395.835.928	227.681.420	205.490.447	136.892.338
Bank loans	396.825.519	397.562.112	35.290.063	212.272.049	150.000.000	-
Financial lease liabilities	79.628.949	213.451.583	2.203.441	18.865.357	55.490.447	136.892.338
Trade payables	355.755.945	358.342.425	358.342.425	-	-	-

Maturities per agreement	Carrying value	Contractual undiscounted payment (=I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	Over 5 years (IV)
Derivative financial liabilities	-	-	-	-	-	-
Derivative debts	-	-	-	-	-	-

Capital management

The primary objective of the Group's capital management is to maximize shareholder value, provide benefits to other stockowners and to keep the most appropriate capital structure to decrease the capital cost. The Group follows up the debt to equity ratio in the capital management in parallel with other companies in the sector, This rate is calculated by dividing net debt to total equity,

	31 December 2020	31 December 2019
Total liabilities	1.224.803.854	968.672.500
Less: Cash and cash equivalents (Note 4)	318.373.248	152.041.813
Net debt	906.430.606	816.630.687
Total shareholder's equity	1.207.052.257	1.041.073.988
Total assets	191.447.068	191.447.068
Debt to equity ratio	0,75	0,78

28. Financial instruments (fair value explanations and disclosures within the framework of hedge accounting)

Fair value is defined as the price to be obtained from the sale of an asset or to be paid in the transfer of a liability in a ordinary transaction between the market participants at the date of measurement.

The fair values of financial assets and liabilities carried at amortized cost and cost are considered to approximate their respective carrying values for the following reasons.

Monetary assets

The fair values of balances denominated in foreign currencies translated at period-end exchange rates are considered to approximate their respective carrying values. The fair values of certain financial assets carried at cost, including cash and due from banks, are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses. The fair values of investment securities are estimated based on the market prices at the date of the statement of financial position. Trade receivables are measured at amortized cost using the effective interest method and the carrying values of the trade receivables along with the related allowances for uncollectibility are considered to approximate their respective carrying values.

Fair values of cost or amortized cost in the balance sheet values and fair values of financial liabilities:

The fair values trade payables and other monetary liabilities are estimated to approximate carrying value due to their short-term nature. Bank borrowings are carried at amortized cost and the transaction costs are added to the initial cost of the borrowing. The fair values of long-term bank borrowings with variable interest are considered to approximate their respective carrying values, since the initial rates applied to bank borrowings are updated periodically by the lender to reflect active market price quotations. It is note that when fixed interest rate applicable as of balance sheet is applied, the fair values of long-term bank borrowings with fixed interest are approximate their respective carrying values. The carrying values of short-term bank borrowings are considered to be their fair values due to their short term nature.

Fair value hierarchy table

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows;

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques does not contains observable market inputs

28. Financial instruments (fair value explanations and disclosures within the framework of hedge accounting) (Continued)

As of December 31, 2020 and December 31, 2019, the Group's assets at fair value and its levels are as follows:

31 Aralık 2020	Level 1 (*)	Level 2	Level 3
Assets indicated by fair value			
Financial assets			
Çimsa	215.923.968	-	-
Arpaş	-	-	33.627.428
Liman İşletmeleri	-	-	13.218.698
Altaş	-	-	625.779
Eterpark	-	-	1.549.260
Ambarlı Kılavuzluk	-	-	800.000
Total assets	215.923.968	-	49.821.165
Liabilities shown at fair value			
Derivative instruments	-	-	-
Total Liabilities	-	-	-
31 December 2019	level 1 (*)	Level 2	Level 3
Assets indicated by fair value			
Financial assets			
Çimsa	110.145.485	-	-
Arpaş	-	-	33.627.428
Liman İşletmeleri	-	-	13.218.698
Altaş	-	-	625.779
Eterpark	-	-	800.000
Ambarlı Kılavuzluk	-	-	1.549.260
Total assets	110.145.485	-	49.821.165
Liabilities shown at fair value			
Derivative instruments	-	-	-
Total Liabilities	-	-	-

(*) It is measured with market prices at the stock exchange as of the balance sheet date.

In the determination of fair value of Arpaş, Eterpark, Altaş and Liman İşletmeleri, the adjusted net asset value (NAV) and discounted cash flow (DCF) were applied.

The DCF method estimates the value of an entity's equity from the estimated total value of the entity by subtracting the market value of the debts used to finance its operations.

The total value of the entity consists of the following basic elements: The present value of the cash flows from the activities of the foreseeable period and the total of the value of the other assets and securities which are not mandatory for the activities. An estimate of the present value of the work that can be associated with the activities after the estimated period.

The cash flow from the operations is equal to the difference between the cash inflows related to the activities and the cash outflows allocated for the cash taxes to be paid. Cash outflows should include working capital and fixed assets investments required to support the company strategies. The net cash flow after tax refers to the cash values available to pay debts and dividends to shareholders (or to re-invest in future business activities).

28. Financial instruments (fair value explanations and disclosures within the framework of hedge accounting) (Continued)

Fair value hierarchy table (Continued)

The ongoing value is calculated as follows:

The future cash flows can be considered as a steady rate of steady income (cash flows that continue to increase at the same rate every year). The value of such a permanent income (the value of the entity at the end of the projected period) is calculated by dividing the expected annual cash flow by the weighted average cost of capital. The continuing value calculated in this way is reduced to the present value by normal method.

Discount Rate: The discount rate refers to the expected return on the investment in a particular business or project. This rate applies to the future cash flows of a business or project, taking into account the risk premium expected by investors in addition to the normal return expected from a risk-free investment. The discount rate used in the INA calculations is based on the weighted average cost of capital (WACC). The weighted average cost of capital is the return on the return on equity of the shareholders and the return on the return of the borrowers.

Beta: The beta multiplier shows the sensitivity of the additional returns of any company (returns over risk-free returns) to the total additional returns on some market returns (investment index on R_f). Therefore, it is one of the criteria of market risk (systematic risk), which is one of the two components of risk according to the capital market theory. Beta multipliers on one indicate a higher fluctuation than the market average. In our study, the beta of the group consisting of the peer companies was used in the calculation of the discount rate.

Country Risk Premium: Compared to the developed markets, underdeveloped or developing countries include additional risks that investors should take. Measuring these risks constitutes the risk premium of that country. The most common method used to determine this premium is the calculation of the difference between the government bonds of the country concerned and the government bonds of a developed country.

According to the Adjusted Net Asset Value Method, the value of the share of the bit company is valued with an asset-based technique that corrects the book value of the company according to the unrealized value changes in the asset and liabilities of the company.

29. Subsequent events

None.

Company's financing resources and risk management policies

Financing needs of the company are met through short and medium and long term exports and foreign currency loans, in line with the company's export potential. Risk management is based on describing and monitoring all potential risks to which our company may be exposed. The company and its executives classified all potential risks upon which necessary precautions have been adopted therefor. Financial risk includes asset liability risk, credibility, capital/debt relationship, exchange rate risk, and risk factors that can directly affect the company's financial status. Natural risks include disasters such as fire, earthquake, and all other risks that may affect our performance. All our facilities are insured in line with minimizing natural risks. The Company monitors the results of operations instantly by using SAP, a significant technological infrastructure, to prevent data loss and protect the systems in case of an emergency. By supporting decision support processes through measuring and processing, it has eliminated human errors and has focused on investments such as back-up systems. Our Company monitors monthly receivable risks, exchange risks, concentration, competition and sales channels productivity risks.

Measures that are considered to improve the financial structure of the business

When necessary and depending on the market conditions, Akçansa maintains operations to strengthen the business capital, continuously improve its financial structure, balance foreign currency based cash inflows and outflows, support sound financial abilities and hedging activities according to the company procedures.

AKÇANSA ÇİMENTO SANAYİ VE TİCARET A.Ş. DIVIDEND DISTRIBUTION PROPOSAL

AKÇANSA ÇİMENTO SANAYİ VE TİCARET A.Ş. DIVIDEND DISTRIBUTION TABLE FOR 2020 (TRY)			
1. PAID-IN/ISSUED CAPITAL		191,447,068.25	
2. General Legal Reserve (based on legal records)		224,026,957.25	
Information regarding privileges in profit distribution according to the Articles of Association, if any		None	
		According to CMB	According to Legal Records
3.	Profit for the Period	146,057,638.00	171,997,435.64
4.	Taxes (-)	31,014,245.00	-35,097,363.09
5.	Net Profit for the Period (=)	115,043,393.00	136,900,072.55
6.	Retained Losses (-)	0.00	0.00
7.	General Legal Reserve (-)	0.00	0.00
8.	NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)	115,043,393.00	136,900,072.55
9.	Donations Made within the Year (+)	4,599,013.38	
10.	Net Distributable Current-Year Profit Including Donations	119,642,406.38	
11.	First Profit to the Shareholders	9,572,353.41	
	- Cash	9,572,353.41	
	- Bonus	0.00	
	- Total	9,572,353.41	
12.	Dividend Share Distributed to Preferred Shareholders	0.00	

13	Dividend Share Distributed to Others	0.00	
.	- Executive Board Members,	0.00	
	- Employees,	0.00	
	- Other than Shareholders	0.00	
14	Dividend Share Distributed to Preferred Shareholders	0.00	
.			
15	Second Profit Share to Shareholders	95,398,074.11	
.			
16	General Legal Reserve	9,539,807.41	
.			
17	Statutory Reserves	0.00	
.			
18	Special Reserves	529,853.54	529,853.54
.			
19	EXTRAORDINARY RESERVES	3,304.53	21,859,984.08
.			
20	Other Sources for Distribution		0.00
.	- Retained Losses		
	- Extraordinary Reserves		
	- Other Distributable Profits		
	- Pursuant to Law and Articles of Association		0.00

DIVIDEND RATES TABLE					
		TOTAL DIVIDENDS DISTRIBUTED		TOTAL DIVIDENDS DISTRIBUTED / NET DISTRIBUTABLE PERIOD PROFIT	DIVIDEND CORRESPONDING TO SHARE WITH A NOMINAL VALUE OF TRY 1
		CASH (TRY)	FREE (TRY)	RATE (%)	AMOUNT (TRY) RATE (%)
GROSS		104,970,427.52	-	91.2442	0.5483 54.8300
NET*		89,224,863.39	-	77.5576	0.4661 46.6100
* Net calculation is based on the assumption of 15% income tax withholding.					

We would like to submit to the approval of the General Assembly the resolution taken by the Board of Directors on February 24, 2021 that; 2020 Annual Report be presented within the predetermined principles and guidelines at the Ordinary General Assembly to be convened on March 29, 2021; and that **TRY 115,043.393** of the consolidated period profit for 2020 of **TRY 146,0574,638** to be distributed as follows as the Net Distributable Current-Year Profit after deducting the General Legal Reserves (1st Tier) and prior period losses, legal obligations and non-controlling interest as per Article 33 of the Articles of Association and in accordance with the CMB communiqués:

First Dividend Share	TRY 9,572,353.41
Second Dividend Share	TRY 95,398,074.11
Total Gross Profit Share	TRY 104,970,427.52
General Legal Reserves (2nd Tier)	TRY 9,539,807.41
Special Reserves	TRY 529.853,54 TL
Extraordinary Reserves	TRY 3,304.53

As a result of the profit distribution as per the principles mentioned above and based on our legal records drawn up in accordance with the Tax Procedure Law;

- Covering the gross profit share of **TRY 104,970,427.52** to be distributed to the shareholders from the net distributable share,
- TRY 529,853.54 of the Net Distributable Period Profit available in our legal records will be separated as Special Reserves in order to benefit from the corporate tax exemption set out in article 5/1(e) of the Corporate Tax Law, and TRY 3,304.53 as Extraordinary Reserves,

Hence, total dividends in the amount of **TRY 104,970,427.52** to be distributed for 2020 starting from **March 30, 2021** to shareholders representing **TRY 191,447,068.25** in the capital at a ratio of **54.83%** (gross) and **46.61%** (net) depending on their legal status.

Sincerely yours,
Board of Directors

Information on whether there are organizations outside the head office

General Directorate: Barbaros Mahallesi Kardelen Sk. No:2 D.124-125 Palladium Tower
Ataşehir/İstanbul
Switchboard: 0 (216) 571 30 00
Fax: 0 (216) 571 31 11

The addresses of our workplaces other than our head office are as follows.

Cement, Ready-Mixed Concrete Facilities, Terminals and Sales Offices

NO	SALES OFFICES	ADDRESS
1	YARIMCA SALES OFFICE	Rota Limanı Körfez / KOCAELİ
2	SAMSUN SALES OFFICE	Güzelyalı Mah. 3003 Sok. No:2 Çamkoru Sitesi Atakum/SAMSUN
3	ÇANAKKALE SALES OFFICE	İnönü Caddesi ÇTSO İş Merkezi No:141 Daire 14-15 Çanakkale

NO	PLANTS	ADDRESS
1	ÇANAKKALE PLANT	Mahmudiye Beldesi 17640 Ezine / ÇANAKKALE
2	BÜYÜKÇEKMECE PLANT	Mimar Sinan Merkez Mahallesi İçel Caddesi İdari Bina Sitesi No : 13-1/1 Büyükkçekmece/İSTANBUL
3	SAMSUN LADİK PLANT	İskaniye mah.Akpınar Mevkii Ladik / SAMSUN

NO	TERMINALS	ADDRESS
1	KARAMÜRSEL/YALOVA TERMINAL	Balcı Mevkii SCA Fabrikası içi Kaytazdere-Altınova / YALOVA
2	ALİAĞA TERMINAL	Nemrut Körfezi Ege Çelik Limanı Aliağa/İzmir
3	AMBARLI TERMINAL	Marmara Mah. Liman Cad. No:45 Beylikdüzü/İstanbul
4	HOPA TERMINAL	Orta Hopa Mahallesi Liman Caddesi 08600 Hopa/ARTVİN
5	MARMARA EREĞLİSİ TERMINAL	Bahçelievler Mahallesi Limanyolu Caddesi 19/A Marmara Ereğlisi/Tekirdağ
6	DERİNCE TERMINAL	Deniz Mahallesi, Liman Yolu Caddesi, No:21/2 Derince/KOCAELİ
7	TRABZON TERMINAL	Trabzon Liman Sahası Çömlekçi Mah. Rıhtım Sok.No:31 Ortahisar/Trabzon

NO	AGGREGATE PLANTS	ADDRESS
1	AYAZAĞA AGGREGATE PLANT	Cendere Yolu Önerler Petrol Karşısı Kemerburgaz-Eyüp / İSTANBUL
2	BURSA AGGREGATE PLANT	Eski Kemalpaşa Yolu üzeri Kayapa Beldesi Nilüfer / BURSA
3	SARAY AGGREGATE PLANT	Kavacık köyü Mevkii Saray / TEKİRDAĞ
4	DANAMANDIRA AGGREGATE PLANT	Danamandıra Köyü Silivri/İSTANBUL
5	SAMSUN AGGREGATE PLANT	Çamlıyazı Köyü mevkii Atakum/SAMSUN

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi
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NO	READY-MIXED CONCRETE PLANTS	ADDRESS
1	ALIAĞA READY-MIXED CONCRETE PLANT	18.cd. No:4 Horozgediği Aliağa / İZMİR
2	KEŞAN READY-MIXED CONCRETE PLANT	Yeni Muhacır Beldesi Cumhuriyet Mah. İstanbul Yolu Cad. No:123 Keşan/EDİRNE
3	MENEMEN READY-MIXED CONCRETE PLANT	Kazımpaşa Mah. 1212 Sok. No:24 Menemen/İZMİR
4	YENİBOSNA READY-MIXED CONCRETE PLANT	Yenibosna Merkez Mah. Cemal Ulusoy Cad. Bahçelievler/İstanbul
5	TEKİRDAĞ READY-MIXED CONCRETE PLANT	Kayı Mah. Muratlı Cad. No:321 Süleymanpaşa Tekirdağ
6	SİLİVRİ READY-MIXED CONCRETE PLANT	Alipaşa Mahallesi Fatih Sultan Mehmet Caddesi No:28 Silivri/İstanbul
7	MERZİFON READY-MIXED CONCRETE PLANT	İstanbul Yolu 1.km Alıcık yolu üzeri (26.27.H Pafta-291 Ada-5 nolu Parsel) Merzifon / AMASYA
8	SAMSUN 2 READY-MIXED CONCRETE PLANT	Sanayi mahallesi İşcan Caddesi No:2 TEKKEKÖY- SAMSUN
9	TOKAT READY-MIXED CONCRETE PLANT	Gökçe Köyü Tombulkaya Mevkii Tokat-Sivas Karayolu 10. km. TOKAT
10	ÇERKEZKÖY READY-MIXED CONCRETE PLANT	Beylikçayır Mevkii Veliköy-Çerkezköy / TEKİRDAĞ
11	KEMERBURGAZ READY-MIXED CONCRETE PLANT	Mimar Sinan Mah.Cendere Yolu No:29 Eyüp/İstanbul
12	BORNOVA READY-MIXED CONCRETE PLANT	Ankara Yolu Üzeri No:194 Bornova / İZMİR
13	BÜYÜKÇEKMECE READY-MIXED CONCRETE PLANT	Mimar Sinan Mah. Sultan Murat Caddesi No:12 Bağımsız Bölüm 1 Büyükçekmece/İstanbul
14	BÜYÜKKARİŞTIRAN READY-MIXED CONCRETE PLANT	Yeni Mahalle D 100 Karayolu No:25 Büyükkarıştiran Lüleburgaz/Kırklareli
15	EDREMIT READY-MIXED CONCRETE PLANT	Yolören mahallesi 930. Sokak No:4/1 Edremit/Balıkesir
18	BAŞKÖY READY-MIXED CONCRETE PLANT	Başköy Mahallesi 493 İsimsiz Sk. No.10 Nilüfer/Bursa
19	NİLÜFER READY-MIXED CONCRETE PLANT	Kayapa Mahallesi Bursa Yolu Caddesi No:24/1 Nilüfer Bursa
20	KAVAK READY-MIXED CONCRETE PLANT	Kavak - Samsun karayolu Emirli Taş ocakları yolu 1. km Kavak/SAMSUN
21	SAMSUN III READY-MIXED CONCRETE PLANT	Derecik Mahallesi Ovalar Caddesi 204 Sokak No: 2 İlkadım/SAMSUN
22	GEBZE II READY-MIXED CONCRETE PLANT	Tavşanlı Mahallesi 4510 sokak No:37/2 Gebze/Kocaeli
24	IŞIKKENT BORNOVA READY-MIXED CONCRETE PLANT	Egemenlik Mahallesi Işın Caddesi No:3 Bornova/İZMİR
25	FİKİRTEPE READY-MIXED CONCRETE PLANT	Merdivenköy Mahallesi Veril Sokak No:2 Kadıköy/İstanbul
26	GELİBOLU READY-MIXED CONCRETE PLANT	Sütlüce Mücavir Mahallesi 13052 Sokak No:2 Gelibolu/Çanakkale
27	ÇORLU READY-MIXED CONCRETE PLANT	Cumhuriyet Mahallesi Ali Osman Çelebi Bulvarı No:135/A Çorlu Tekirdağ
28	LAPSEKİ READY-MIXED CONCRETE PLANT	Gazi Süleyman Paşa Mahallesi Dumlupınar Cad. DLYS Adi Ortaklığı Beton Tesisi No: 6/2 Lapseki / Çanakkale
29	TUZLA READY-MIXED CONCRETE PLANT	Postane Mahallesi Rauf Orbay Caddesi No:107 Tuzla /İstanbul
30	BANDIRMA READY-MIXED CONCRETE PLANT	Edincik Mahallesi, Küçükkoru Kümeevler No:10 Bandırma
31	ESENKENT 2 READY-MIXED CONCRETE PLANT	Selahaddin Eyyubi Mahallesi 1340 Sok. No:5 Esenyurt/İstanbul

