

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2022
TOGETHER WITH AUDITOR'S REVIEW REPORT**

**CONVENIENCE TRANSLATION INTO ENGLISH OF THE INTERIM
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH (NOTE 2.5)**

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2022**

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**CONVENIENCE TRANSLATION INTO ENGLISH OF THE INTERIM
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ISSUED IN TURKISH (NOTE 2.5)**

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2022 AND 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

a	Notes	30 June 2022 USD (*)	Reviewed 30 June 2022 TRY	Audited 31 December 2021 TRY
Current assets		378,200	6,301,344	6,028,316
Cash and cash equivalents		66,701	1,111,335	2,835,689
Financial investments	4	8,119	135,280	-
Trade receivables				
- Due from third parties	7	75,311	1,254,782	686,910
- Due from related parties	22	55,604	926,434	455,902
Other receivables				
- Due from third parties		64	1,062	1,013
Derivative financial assets	14	447	7,451	4,687
Inventories	8	138,075	2,300,522	1,559,041
Prepaid expenses		3,887	64,768	126,669
Current income tax assets	20	-	-	3,447
Other current assets		29,992	499,710	352,817
Subtotal		378,200	6,301,344	6,026,175
Assets held for sale	15	-	-	2,141
Total current assets		378,200	6,301,344	6,028,316
Non-current assets		242,234	4,035,951	3,414,734
Trade receivables				
- Due from third parties	7	9,139	152,271	141,461
Derivative financial assets	14	895	14,903	4,162
Investment accounted for using equity method	5	57,598	959,663	778,181
Investment properties	9	877	14,612	14,856
Property, plant and equipment	10	141,977	2,365,539	2,070,534
Right of use assets	11	2,120	35,320	35,796
Intangible assets and goodwill				
- Goodwill	12	359	5,989	5,989
- Other intangible assets	12	7,781	129,635	115,722
Deferred tax assets	20	11,812	196,802	192,080
Prepaid expenses		9,676	161,217	55,953
Total assets		620,434	10,337,295	9,443,050

(*) United States Dollar (“USD”) amounts presented above have been translated from Turkish Lira (“TRY”) for convenience purposes only, at the official TRY bid rate announced by the Central Bank of the Republic of Turkey (“CBRT”) at 30 June 2022, and therefore do not form part of these interim condensed consolidated financial statements (Note 2.6).

This interim condensed consolidated financial statements for the period ended 30 June 2022 have been approved for issue by the Board of Directors on 11 August 2022.

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF THE INTERIM
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH (NOTE 2.5)**

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2022 AND 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

	Notes	30 June 2022 USD (*)	Reviewed 30 June 2022 TRY	Audited 31 December 2021 TRY
Current liabilities		363,234	6,051,981	5,908,199
Current borrowings	6	104,334	1,738,347	2,125,952
Current portions of non-current borrowings				
- Bank loans	6	19,325	321,982	227,640
- Lease liabilities	6	677	11,278	10,692
Trade payables				
- Due to third parties		205,478	3,423,558	3,068,942
- Due to related parties	22	8,173	136,171	97,593
Payables related to employee benefits		625	10,414	5,876
Other payables				
- Other payables to third parties		1,413	23,534	28,752
Deferred income other than contract liabilities		17,658	294,209	299,147
Current income tax liabilities	20	3,994	66,546	-
Current provisions				
- Current provisions for employee benefits	13	1,551	25,837	43,500
- Other current provisions	13	6	105	105
Non-current liabilities		51,772	862,587	700,572
Long term borrowings				
- Bank loans	6	41,566	692,545	565,315
- Lease liabilities	6	2,713	45,195	45,297
Non-current provisions				
- Non-current provisions for employee benefits	13	5,389	89,795	59,750
Other non-current liabilities		2,104	35,052	30,210
Total liabilities		415,006	6,914,568	6,608,771
EQUITY		205,428	3,422,727	2,834,279
Equity attributable to owners of parent		205,428	3,422,727	2,834,279
Paid-in capital	16	19,431	323,750	323,750
Inflation adjustments on capital	16	3,389	56,469	56,469
Other accumulated comprehensive income/(loss) that will not be reclassified in profit or loss				
- Gains/(losses) on remeasurement of defined benefit plans		(3,078)	(51,281)	(30,237)
- Share of other comprehensive income of investments accounted for using equity method		716	11,928	9,585
Other comprehensive income/loss that will be reclassified in profit or loss				
- Currency translation differences		57,743	962,083	762,523
- Gains/(losses) on hedge		(22,102)	(368,255)	(319,200)
Restricted reserves	16	18,867	314,349	256,074
Retained earnings		67,107	1,118,102	608,107
Net profit for the period		63,355	1,055,582	1,167,208
Non-controlling interests		-	-	-
Total liabilities and equity		620,434	10,337,295	9,443,050

(*) United States Dollar (“USD”) amounts presented above have been translated from Turkish Lira (“TRY”) for convenience purposes only, at the official TRY bid rate announced by the Central Bank of the Republic of Turkey (“CBRT”) at 30 June 2022, and therefore do not form part of these consolidated financial statements (Note 2.6).

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF THE INTERIM
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH (NOTE 2.5)**

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE INTERIM PERIODS ENDED
30 JUNE 2022 AND 2021**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

		<i>Reviewed</i>	<i>Not reviewed</i>	<i>Reviewed</i>	<i>Not reviewed</i>
	1 January -	1 January -	1 April -	1 January -	1 April -
	30 June	30 June	30 June	30 June	30 June
	2022	2022	2022	2021	2021
	USD (*)	TRY	TRY	TRY	TRY
Notes					
Profit or loss					
Revenue		557,386	8,278,109	4,363,032	3,067,718
Cost of sales (-)	17	(417,138)	(6,195,199)	(3,282,073)	(2,466,569)
		140,248	2,082,910	1,080,959	601,149
Gross profit (loss)					406,131
General administrative expenses (-)	17	(6,982)	(103,700)	(47,911)	(43,671)
Marketing expenses (-)	17	(9,363)	(139,054)	(69,848)	(55,551)
Research and development expenses (-)	17	(668)	(9,914)	(5,378)	(5,069)
Other income from operating activities	18	82,952	1,231,980	392,767	255,057
Other expense from operating activities (-)	18	(94,113)	(1,397,735)	(452,202)	(256,279)
		112,074	1,664,487	898,387	495,636
Profit/(loss) from operating activities					359,143
Investment activity income		2,256	33,511	27,620	4,796
Share of profit (loss) from investments accounted for using equity method	5	(1,111)	(16,504)	(16,895)	21,128
		113,219	1,681,494	909,112	521,560
Profit/(loss) before financing income/(expense)					372,813
Finance income	19	21,316	316,583	114,081	151,678
Finance costs (-)	19	(51,802)	(769,354)	(562,622)	(193,848)
		82,733	1,228,723	460,571	479,390
Profit/(loss) from continuing operations, before tax					343,806
Tax (expense) / income continuing operations					
- Current period tax (expense)/income	20	(11,041)	(163,974)	(57,499)	(36,715)
- Deferred tax (expense)/income	20	(617)	(9,167)	27,143	(18,454)
		71,075	1,055,582	430,215	424,221
Profit/(loss) from continuing operations					290,879
Attributable to:					
Owners of parent		71,075	1,055,582	430,215	424,221
Non-controlling interest		-	-	-	-
		71,075	1,055,582	430,215	424,221
Basic earnings/(loss) per share from continuing operations (Kr)	21	0.22	3.26	1.33	1.31
					0.90

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CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
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AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE INTERIM PERIODS ENDED
30 JUNE 2022 AND 2021**

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

		<i>Reviewed</i>	<i>Not reviewed</i>	<i>Reviewed</i>	<i>Not reviewed</i>
	30 June	1 January -	1 April -	1 January -	1 April -
	2022	30 June	30 June	30 June	30 June
	USD (*)	TRY	TRY	TRY	TRY
Other comprehensive income					
Other comprehensive income that will not be reclassified to profit or loss					
Gains/(losses) on remeasurements of defined benefit plans	(1,771)	(26,305)	(26,305)	(3,287)	(3,287)
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss					
Gains/(losses) on remeasurement of defined benefit plans of associates and joint ventures accounted for using equity method	158	2,343	2,552	1,250	671
Taxes relating to components of other comprehensive income that will not be reclassified to profit or loss	354	5,261	5,261	657	657
Other comprehensive income that will be reclassified to profit or loss					
Other comprehensive income/(loss) related with cash flow hedges	(3,845)	(57,112)	69,091	(91,681)	(11,899)
Currency translation differences	13,437	199,560	126,881	84,361	24,098
Taxes relating to other comprehensive income to be reclassified to profit or loss	542	8,057	(18,733)	21,144	3,592
Total comprehensive income/(loss)	79,950	1,187,386	588,962	436,665	304,711
Attributable to:					
Owners of parent	79,950	1,187,386	588,962	436,665	304,711
Non-controlling interest	-	-	-	-	-
	79,950	1,187,386	588,962	436,665	304,711

(*) USD amounts presented above have been translated from TRY for convenience purposes only, at the USD average CBRT bid rates for the period ended 30 June 2022, and therefore do not form part of these interim condensed consolidated financial statements (Note 2.6).

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**CONVENIENCE TRANSLATION INTO ENGLISH OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH (NOTE 2.5)**

AKSA AKRİLİK KİMYA SANAYİ A.Ş.

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2022 AND 2021**

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

Attributable to equity owners of parent													
Reviewed	Issued capital	Inflation adjustments on share capital	Treasury shares	Gains/(losses) on hedge ⁽¹⁾	Restricted reserves appropriated from profits	Income from investments accounted for using equity method (2)	Exchange differences on translation (1)	Gains/(losses) on remeasurement of defined benefit plans(2)	Prior years' profits or losses	Net profit	Total	Non-controlling interest	Total equity
1 January 2021	323,750	56,469	(6,666)	(15,628)	214,787	3,331	385,910	(15,018)	479,272	439,953	1,866,160	-	1,866,160
Treasury shares (Note 16)	-	-	6,666	-	-	-	-	-	11,832	-	18,498	-	18,498
Transfers	-	-	-	-	41,287	-	-	-	398,666	(439,953)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(281,663)	-	(281,663)	-	(281,663)
Total comprehensive income	-	-	-	(70,537)	-	1,250	84,361	(2,630)	-	424,221	436,665	-	436,665
30 June 2021	323,750	56,469	-	(86,165)	256,074	4,581	470,271	(17,648)	608,107	424,221	2,039,660	-	2,039,660
Attributable to equity owners of parent													
Reviewed	Issued capital	Inflation adjustments on share capital	Treasury shares	Gains/(losses) on hedge ⁽¹⁾	Restricted reserves appropriated from profits	Income from investments accounted for using equity method (2)	Exchange differences on translation (1)	Gains/(losses) on remeasurement of defined benefit plans(2)	Prior years' profits or losses	Net profit	Total	Non-controlling interest	Total equity
1 January 2022	323,750	56,469	-	(319,200)	256,074	9,585	762,523	(30,237)	608,107	1,167,208	2,834,279	-	2,834,279
Transfers	-	-	-	-	58,275	-	-	-	1,108,933	(1,167,208)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(598,938)	-	(598,938)	-	(598,938)
Total comprehensive income	-	-	-	(49,055)	-	2,343	199,560	(21,044)	-	1,055,582	1,187,386	-	1,187,386
30 June 2022	323,750	56,469	-	(368,255)	314,349	11,928	962,083	(51,281)	1,118,102	1,055,582	3,422,727	-	3,422,727

- (1) Items to be reclassified to profit and loss
(2) Items not to be reclassified to profit and loss

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

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**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIODS ENDED 30 JUNE 2022 AND 2021**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

Notes	1 January - 30 June 2022 USD (*)	Reviewed 1 January - 30 June 2022 TRY	Reviewed 1 January - 30 June 2021 TRY
A. Cash flows from (used in) operating activities	(3,021)	(44,869)	462,316
Profit/(loss)	71,075	1,055,582	424,221
Adjustments to reconcile profit/(loss):	37,946	563,567	151,988
- Adjustments for depreciation and amortization expense 17	6,940	103,070	66,545
- Adjustments for impairments loss (reversal of impairment loss)	4,307	63,969	23,822
- Adjustments for provisions	871	12,932	4,175
- Adjustments for interest (income)/expenses 19	(2,809)	(41,711)	12,831
- Adjustments for unrealised foreign exchange losses/ (gains)	18,799	279,192	79,673
- Adjustments for fair value gains (losses) 4, 14	(2,186)	(32,464)	(67,310)
- Adjustments for undistributed profits of investments accounted for using equity method 5	1,111	16,504	(21,128)
- Adjustments for tax (income)/expenses 20	11,658	173,141	55,169
- Adjustments for losses/ (gains) on disposal of non-current assets	(745)	(11,066)	(1,789)
Changes in working capital	(120,566)	(1,790,614)	(122,605)
- Adjustments for decrease/(increase) in inventories	(49,765)	(739,096)	(460,855)
- Adjustments for decrease/(increase) in trade accounts receivable	(56,038)	(832,257)	(282,125)
- Adjustments for increase/(decrease) in trade accounts payable	10,225	151,856	905,730
- Adjustments for increase/(decrease) in other operating payables	(351)	(5,218)	(93)
- Adjustments for (increase)/decrease in other operating receivables	(3)	(49)	(296)
- Other adjustments for other increase/(decrease) in working capital	(24,634)	(365,850)	(284,966)
Cash flows from (used in) operations	(11,545)	(171,465)	453,604
Interest paid	(1,439)	(21,370)	(3,226)
Interest received	3,096	45,974	13,321
Payments related with provisions for employee benefits	(245)	(3,639)	(1,383)
Tax returns	7,112	105,631	-
B. Cash flows from (used in) investing activities	(37,277)	(553,627)	(150,685)
Proceeds from sales of property, plant, equipment and intangible assets	1,110	16,486	93,566
Purchase of property, plant, equipment and intangible assets	(27,635)	(410,429)	(235,285)
Cash advances and loans made to other parties	(2,920)	(43,363)	(25,984)
Cash inflows from participation (profit) shares or other financial instruments	-	-	17,018
Cash outflows from participation (profit) shares or other financial instruments	(7,832)	(116,321)	-
C. Cash Flows From/ (Used in) Financing Activities	(76,027)	(1,129,129)	(757,111)
Cash inflows from sale of acquired entity's shares	-	-	18,498
Proceeds from borrowings	115,001	1,707,957	129,852
Repayments of borrowings	(151,209)	(2,245,703)	(592,945)
Dividends paid	(40,328)	(598,938)	(281,663)
Payments of lease liabilities	(419)	(6,217)	(4,888)
Interest received	4,044	60,061	18,467
Interest paid	(3,117)	(46,890)	(44,432)
Net decrease in cash and cash equivalents before the effect of exchange change rates	(116,325)	(1,727,625)	(445,480)
D. Effect of exchange rate changes on cash and cash equivalents	(29,717)	3,223	7,326
Net increase/(decrease) in cash and cash equivalents	(146,043)	(1,724,402)	(438,154)
E. Cash and cash equivalents at the beginning of the period	212,721	2,835,359	904,990
Cash and cash equivalents at the end of the period	66,678	1,110,957	466,836

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2022**

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Aksa Akrilik Kimya Sanayii A.Ş. (“Aksa” or the “Company”) was established on 21 November 1968 and registered in Turkey.

Aksa and its subsidiaries (together referred to as the “Group”) have the following main activities; manufacturing of textile, chemical and other industrial products and all kinds of raw materials, auxiliary materials and intermediate substances, artificial, synthetic and natural fibers, carbon fibers, filament and polymers, and any equipment, machinery or spare parts used in the production, processing or storage of these, importing exporting, establishment of domestic, foreign and international branches, marketing and trading, establishment and start-up and rental of energy generation plant, electricity generation and sale of generated electricity or capacity to customers rental of real estate.

Aksa is registered with the Capital Markets Board (“CMB”) and its shares have been quoted in the Borsa İstanbul A.Ş. (“BİST”) since 1986. As of 30 June 2022, the principal shareholders and their respective shareholding rates in the Company are as follows:

	%
Akkök Holding A.Ş. (“Akkök Holding”)	39.59
Emniyet Ticaret ve Sanayi A.Ş.	21.10
Other (*)	39.31
Total	100.00

(*) As of 30 June 2022, 35.77% of the Aksa shares are traded on BİST.

Akkök Holding, which is the main shareholder of the Company, is controlled by Dinçkök family members. As of 30 June 2022, the number of employees employed by the Company is 1,406 (31 December 2021: 1,338).

The address of the registered office of the Company is as follows:

Merkez Mahallesi Ali Raif Dinçkök Caddesi No:2 Çiftlikköy-Yalova

Main operations of the Group are in Turkey and for the purpose of segment reporting, the operations are summarized in three operational segments as fibers, energy and other (Note 3):

- Fibers
- Energy
- Other

The Company has the following subsidiary and joint venture. Country, nature of operations and segmental information of these companies are as follows:

Subsidiary	Country	Nature of business	Segment
Aksa Egypt Acrylic Fiber Industry SAE (“Aksa Egypt”)	Egypt	Textile	Fiber
Joint ventures	Country	Nature of business	
DowAksa Advanced Composites Holdings BV (“DowAksa Holdings”)	Netherlands		Investment

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2022**

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

2.1.1 Financial reporting standards applied

The condensed 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 CMB on 13 June 2013 which is published on Official Gazette numbered 28676. TFRS are updated in harmony with the changes and updates in International Financial Reporting Standards (“IFRS”) by the communiqués.

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

The Company maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code (“TCC”), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These interim condensed consolidated financial statements have been prepared under historical cost conventions except for financial assets and liabilities which are carried at fair value and are based on the statutory records with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TFRS.

The consolidated financial statements have been prepared under historical cost conventions except for derivative instruments and financial investments.

Public Oversight Accounting and Auditing Standards Authority (“POA”) made an announcement on 20 January 2022 about Application of Financial Reporting in Hyperinflationary Economies for Turkish Financial Reporting Standards and Reporting Standards for Large and Medium Sized Entities. In accordance with the announcement, companies that apply TFRS should not adjust financial statements for TAS 29 - Financial Reporting in Hyperinflationary Economies for the year 2021. As of the preparation date of this consolidated financial statements, POA did not make an additional announcement and no adjustment was made to these consolidated financial statements in accordance with TAS 29.

Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in TRY, which is the functional currency of Aksa and the presentation currency of the Group.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Amendments in Turkish Financial Reporting Standards

The accounting policies adopted in preparation of the condensed interim consolidated financial statements as at 30 June 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and its interpretations effective as of 1 January 2022. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

a) Standards, amendments, and interpretations applicable as of 30 June 2022:

- **Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2 (effective 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 Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- **Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (effective 1 January 2021);** These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.
- **Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. 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.

b) Standards, amendments, and interpretations that are issued but not effective as of 30 June 2022:

- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from annual periods beginning on or after 1 January 2022.
 - **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.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

b) Standards, amendments, and interpretations that are issued but not effective as of 30 June 2022:

- **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 IAS 1, Presentation of financial statements on classification of liabilities;** effective date deferred until accounting periods starting not earlier than 1 January 2024. 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.
- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **IFRS 17, ‘Insurance Contracts’, as amended in December 2021;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The impact on the Group’s financial position and performance is being evaluated.

2.2 Changes in accounting policies, estimates and errors

If there are any material changes or errors in accounting policies or accounting estimates, these are corrected, retrospectively by restating the prior period consolidated financial statements. If changes in accounting estimates are related to only one period, they are recognized in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Comparatives and restatement of prior period’s financial statements

The condensed interim consolidated financial statements of the Group are prepared comparatively to enable the determination of the trends of the financial position and performance. The Group presented the consolidated interim statement of financial position at 30 June 2022 comparatively with the consolidated statement of financial position at 31 December 2021 the Group presented the consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period ended 30 June 2022 comparatively with the consolidated interim statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six-month period ended 30 June 2021.

2.3 Summary of significant accounting policies

The interim condensed consolidated financial information for the period ended 30 June 2021 have been prepared in accordance with the TAS 34 “Interim Financial Reporting”. The accounting policies used in the preparation of this interim condensed consolidated financial statements for the period ended 30 June 2022 are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2021 except for the following.

2.4 Significant accounting judgements estimates and assumptions

The preparation of financial statements requires the use of estimates and assumptions that affect asset and liability amounts reported as of the balance sheet date, explanations of contingent liabilities and assets; and income and expense amounts reported for the accounting period. Although these estimates and assumptions are based on all management information related to the events and transactions, actual results may differ from them. Estimates are regularly reviewed, necessary adjustments are made and reflected in the income statement of the period they occur. As of 30 June 2022, critical accounting estimates and assumptions in the interim consolidated financial statements are consistent with the explained in detail in the consolidated financial statements for the year ended 31 December 2021.

2.5 Convenience Translation into English of Consolidated Financial Statements

The accounting principles described in Note 2.1 (defined as Turkish Financial Reporting Standards) to the interim condensed consolidated financial statements differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of inflation accounting, classification of some income statement items and also for certain disclosure requirements of the POA.

2.6 USD amounts presented in the financial statements

USD amounts shown in the consolidated statement of financial position prepared in accordance with the TFRS have been translated from TRY, as a matter of arithmetic computation only, at the official USD bid rate announced by the CBRT on 30 June 2022 of TRY 16,6614 = USD1 and USD amounts shown in the consolidated statements of profit or loss and other comprehensive income and cash flow have been translated from TRY, as a matter of arithmetic computation only, at the average USD bid rate calculated from the official daily bid rates announced by the CBRT for the six month period ended 30 June 2022 of TRY 14,8517 = USD1, and do not form part of these interim condensed consolidated financial statements.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 3 - SEGMENT REPORTING

Segmental information of the Group is as follows:

	1 January – 30 June 2022			
	Fibers	Energy	Other	Total
Total segment revenue	7,676,089	539,145	62,875	8,278,109
Revenue from external customers	7,676,089	539,145	62,875	8,278,109
Adjusted EBITDA (*)	1,915,363	110,352	8,196	2,033,911
Unallocated corporate expenses (**)	-	-	-	(100,599)
EBITDA				1,933,312
Amortization and depreciation	(84,791)	(8,047)	(10,232)	(103,070)
Other operating income, net	-	-	-	(165,755)
Income from investment activities	-	-	-	33,511
Share of profit/(loss) of investment accounted for using equity method	(16,504)	-	-	(16,504)
Financial income/(expenses), net	-	-	-	(452,771)
Profit before tax				1,228,723

(*) Adjusted earnings before interest, taxes, depreciation, amortization (“Adjusted EBITDA”), is not a financial performance measurement published on TFRS and may not be comparable with the similar indicators defined by other companies.

(**) Unallocated corporate expenses consists of unallocated parts of general administrative expenses for the period between 1 January - 30 June 2022.

	1 April - 30 June 2022			
	Fibers	Energy	Other	Total
Total segment revenue	4,032,062	309,520	21,450	4,363,032
External revenues	4,032,062	309,520	21,450	4,363,032
Adjusted EBITDA	989,109	63,352	4,633	1,057,094
Unallocated corporate expenses (***)	-	-	-	(46,077)
EBITDA				1,011,017
Amortization and depreciation	(44,387)	(3,704)	(5,104)	(53,195)
Other operating income, net	-	-	-	(59,435)
Income from investment activities	-	-	-	27,620
Share of profit/(loss) of investment accounted for using equity method	(16,895)	-	-	(16,895)
Financial income / (expenses), net	-	-	-	(448,541)
Profit before tax				460,571

(***) Unallocated corporate expenses for the period between 1 April - 30 June 2022, consists of unallocated part of general administrative expenses.

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NOTE 3 - SEGMENT REPORTING (Continued)

	1 January – 30 June 2021			Total
	Fibers	Energy	Other	
Total segment revenue	2,924,539	129,757	13,422	3,067,718
Revenue from external customers	2,924,539	129,757	13,422	3,067,718
Adjusted EBITDA (*)	571,210	26,404	6,766	604,380
Unallocated corporate expenses (**)	-	-	-	(40,977)
EBITDA				563,403
Amortization and depreciation	(50,228)	(7,589)	(8,728)	(66,545)
Other operating income, net	-	-	-	(1,222)
Income from investment activities	-	-	-	4,796
Share of profit/(loss) of investment accounted for using equity method	21,128	-	-	21,128
Financial income/(expenses), net	-	-	-	(42,170)
Profit before tax				479,390

(*) Adjusted earnings before interest, taxes, depreciation, amortization (“Adjusted EBITDA”), is not a financial performance measurement published on TFRS and may not be comparable with the similar indicators defined by other companies.

(**) Unallocated corporate expenses consists of unallocated parts of general administrative expenses for the period between 1 January - 30 June 2021.

	1 April - 30 June 2021			Total
	Fibers	Energy	Other	
Total segment revenue	1,672,162	73,617	5,719	1,751,498
External revenues	1,672,162	73,617	5,719	1,751,498
Adjusted EBITDA	380,753	16,154	3,843	400,750
Unallocated corporate expenses (***)	-	-	-	(20,828)
EBITDA				379,922
Amortization and depreciation	(24,560)	(3,598)	(4,346)	(32,504)
Other operating income, net	-	-	-	11,725
Income from investment activities	-	-	-	1,518
Share of profit/(loss) of investment accounted for using equity method	12,152	-	-	12,152
Financial income / (expenses), net	-	-	-	(29,007)
Profit before tax				343,806

(***) Unallocated corporate expenses for the period between 1 April - 30 June 2021, consists of unallocated part of general administrative expenses.

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NOTE 4 - FINANCIAL INVESTMENTS

Financial Investments Held to Maturity

	30 June 2022	31 December 2021
Currency protected deposit	135,280	-

Currency Protected TRY Time Deposit Account is a deposit product that offers foreign exchange protection in case the exchange rate in TRY increases more than the interest rate at the end of maturity. Currency protected deposit accounts are accounted for as financial assets at fair value through profit or loss. The nominal amount of the currency protected deposit is TRY 116,321 and the maturity date is August 2022. Profit of TRY 18,959 arising from changes in fair value was accounted for under “Income from Investing Activities”.

NOTE 5 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Joint Ventures	30 June 2022	31 December 2021
DowAksa Holdings	959,663	778,181

Summarized financial information of DowAksa Holdings is presented below:

	30 June 2022	31 December 2021		30 June 2022	31 December 2021
Current assets	1,842,867	1,200,810			
Non-current assets	3,994,804	2,957,092			
Total Assets	5,837,671	4,157,902			
Short-term liabilities	1,454,923	811,216			
Long-term liabilities	2,463,422	1,790,324			
Equity	1,919,326	1,556,362			
Total Liabilities	5,837,671	4,157,902			
Equity corresponding to Group’s shares of 50%	959,663	778,181			
	1 January - 30 June 2022	1 April - 30 June 2022		1 January - 30 June 2021	1 April - 30 June 2021
Revenue	1,079,852	620,715		416,843	241,515
Profit/(Loss)	(33,008)	(33,790)		42,256	24,304
Profit/(Loss) corresponding to Group’s shares of 50%	(16,504)	(16,895)		21,128	12,152

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NOTE 5 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Continued)

Movement of joint ventures accounted for using equity method as follows:

	2022	2021
Opening balance at 1 January	778,181	388,529
Net profit/(loss) corresponding to Group’s shares of 50%	(16,504)	21,128
Currency translation differences	195,643	75,039
Gains on remeasurements of defined benefit plans	2,343	1,250
30 June	959,663	485,946

NOTE 6 - BORROWINGS

Group’s financial liabilities are as follows:

	30 June 2022	31 December 2021
Short-term bank borrowings	1,738,347	2,125,952
Short-term portion of long-term bank borrowings	321,982	227,640
Lease liabilities	11,278	10,692
Total short-term borrowings	2,071,607	2,364,284
Long-term bank borrowings	692,545	565,315
Lease liabilities	45,195	45,297
Total long-term borrowings	737,740	610,612
Total borrowings	2,809,347	2,974,896

<u>Bank Borrowings</u>	<u>30 June 2022</u>		<u>31 December 2021</u>	
	Annual weighted average effective interest rate (%)	TRY	Annual weighted average effective interest rate (%)	TRY

a) Short-term bank borrowings:

USD borrowings	2.57	1,749,447	1.85	2,132,640
Prepaid interest		(11,100)		(6,688)
Total short-term bank borrowings		1,738,347		2,125,952

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NOTE 6 - BORROWINGS (Continued)

	<u>30 June 2022</u>		<u>31 December 2021</u>	
	Annual weighted average effective interest rate (%)	TRY	Annual weighted average effective interest rate (%)	TRY
b) Short-term portion of long-term bank borrowings:				
USD borrowings	3.38	160,119	3.38	128,256
EUR borrowings	3.59	161,863	3.15	99,384
Lease liabilities		11,278		10,692
Total short-term portion of long-term bank borrowings		333,260		238,332
Total short-term borrowings		2,071,607		2,364,284
c) Long-term bank borrowings:				
USD borrowings	3.38	318,445	3.38	318,442
EUR borrowings	3.77	374,100	3.15	246,873
Lease liabilities		45,195		45,297
Total long-term borrowings		737,740		610,612

The Group has no breach of contract regarding borrowing

According to the contractual terms, the maturity distribution of the financial borrowings of the Group are as follows:

	30 June 2022	31 December 2021
Less than 3 months	851,532	397,317
Between 3-12 months	1,220,075	1,966,967
Between 1-2 years	330,835	236,381
Between 2-3 years	333,354	236,170
Between 3-4 years	60,430	122,658
4 years and longer	13,121	15,403
	2,809,347	2,974,896

There are no blocked deposits for borrowings which are in scope of general loan agreement (31 December 2021: None).

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NOTE 6 - BORROWINGS (Continued)

The movement of financial borrowings for the six months periods ended at 30 June 2022 and 2021 are as follows:

	2022	2021
1 January	2,974,896	1,900,097
Additions	1,707,957	129,852
Principal payments	(2,251,920)	(597,833)
Change in lease liabilities	3,762	6,349
Change in interest accrual	(1,148)	(5,946)
Currency translation differences	375,800	227,317
30 June	2,809,347	1,659,836

The movement of lease liabilities for the six-months periods ended at 30 June 2022 and 2021 are as follows:

30 June 2022	Site Rents	Buildings	Vehicles	Total
Opening balance as of 1 January 2022	12,397	1,104	42,488	55,989
Additions	2,483	1,098	181	3,762
Interest expenses	1,971	167	787	2,925
Payments	(3,950)	(1,330)	(3,862)	(9,142)
Currency translation differences	-	-	2,939	2,939
Closing balance as of 30 June 2022	12,901	1,039	42,533	56,473
30 June 2021	Site Rents	Buildings	Vehicles	Total
Opening balance as of 1 January 2021	11,058	1,241	29,684	41,983
Additions	1,342	9	4,998	6,349
Interest expenses	1,646	128	692	2,466
Payments	(3,292)	(287)	(3,775)	(7,354)
Currency translation differences	-	-	3,051	3,051
Closing balance as of 30 June 2021	10,754	1,091	34,650	46,495

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NOTE 7 - TRADE RECEIVABLES

Details of trade receivables are as follows:

	30 June 2022	31 December 2021
a) Short-term trade receivables:		
Trade receivables	1,032,469	504,499
Notes receivable and cheques	301,329	231,687
Less: Provision for doubtful receivables	(65,392)	(47,880)
Less: Unearned finance income on credit sales	(13,624)	(1,396)
Total short-term trade receivables, net	1,254,782	686,910
b) Long-term trade receivables:		
Long-term trade receivables	282,922	166,225
Notes receivables and cheques	-	57,952
Less: Unearned finance income on credit sales	(1,899)	(329)
Less: Provision for doubtful receivables	(128,752)	(82,387)
Total long-term trade receivables, net	152,271	141,461

As of 30 June 2022, trade receivables which are denominated in TRY and foreign currency have an average maturity of fifty (50) days (31 December 2021: ninety (90) days) and they are discounted with an average annual interest rate of 5.1% (31 December 2021: 1.3%) in TRY basis.

The movements of the provision for doubtful trade receivables within the six (6) month interim accounting periods ending on 30 June 2022 and 2021 are as follows:

	2022	2021
1 January	130,267	96,259
Current period provisions (Note 18)	63,877	7,765
30 June	194,144	104,024

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NOTE 8 - INVENTORIES

	30 June 2022	31 December 2021
Raw materials and supplies	836,213	480,951
Work in progress	119,987	106,146
Finished goods	500,914	397,052
Goods in transit	776,880	522,816
Other inventories and spare parts	70,033	55,489
Less: Provision for impairment of inventories	(3,505)	(3,413)
Total	2,300,522	1,559,041

Provision for impairment of inventories is related to other inventories and finished goods. As of 30 June 2022 and 31 December 2021 the Group has included movements in the amount of impairment in inventory to cost of goods sold.

As of 30 June 2022 and 31 December 2021 the Group has insurance on all of its inventories.

Cost of the raw materials and supplies which are related to goods sold in current period is shown in Note 17.

NOTE 9 - INVESTMENT PROPERTIES

	2022	2021
Net book value at 1 January	14,856	42,110
Current period depreciation	(244)	(630)
Net book value at 30 June	14,612	41,480

Current period depreciation expense is classified under general administrative expenses.

Land and Buildings

Comprise land and buildings located at the city of Çiftlikköy/Yalova, Denizçalı Köyü, Taşköprü Mevkii, Yalkim OSB, on Yalova-İzmit highway at city block no: 151, no: 6 and 7. The fair value of the investment properties is TRY 48,300. (31 December 2021: TRY 48,300) according to the report received from the independent valuation institution in December 2021 and it is rented at a monthly price of TRY 191 (30 June 2021: TRY 164).

Independent Units

Comprise of offices of the Company located at Gümüşsuyu and Maçka. According to the valuation report dated 31 December 2021 the fair value of the units is TRY 28,215 (30 June 2021: TRY 31,350) and it provides rent income amounting to TRY 96 (30 June 2021: TRY 119) per month.

Rent income from investment properties has been disclosed as income from investment activities and is amounting to TRY 2,914(30 June 2021: TRY 2,748) as of 30 June 2022.

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NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

The movement of property plant and equipment for the six-months periods ended 30 June 2022 and 2021 are as follows:

	2022	2021
Net book value at 1 January	2,070,534	1,576,736
Additions	394,711	215,349
Current period depreciation	(97,641)	(59,621)
Transfers	(115)	-
Currency translation differences	679	1,953
Disposals	(2,629)	(362)
Net book value at 30 June	2,365,539	1,734,055

Depreciation expenses for the six months ended 30 June 2022 amounting to TRY 92,348 (30 June 2021: TRY 57,430) are recognized in cost of goods sold, TRY 183 (30 June 2021: TRY 250) are recognized in research and development expenses, TRY 2,073(30 June 2021: TRY 1,240) are recognized in general administrative expenses, TRY 90 (30 June 2021: TRY 39) are recognized in marketing expenses, TRY 470 (30 June 2021: TRY 391) are recognized in construction in progress as the projects which has not completed and TRY 2,477 (30 June 2021: TRY 271) are recognized in inventories.

TRY 384,681 (30 June 2021: TRY 205,537) of current period additions in property, plant and equipment derive from construction-in-progress. Carrying value of construction-in-progress is amounting to TRY 380,214(30 June 2021: TRY 519,243) and these assets are not subjected to depreciation until capitalized.

NOTE 11 - RIGHT OF USE ASSETS

The movement of right-of-use assets for the six-months periods ended 30 June 2022 and 2021 are as follows:

30 June 2022	Site Rents	Buildings	Vehicles	Total
Cost				
Balance at 1 January 2022	12,405	1,849	33,929	48,183
Additions	-	1,092	-	1,092
Rental condition changes	2,483	6	181	2,670
Disposals	-	(1,753)	(1,195)	(2,948)
	14,888	1,194	32,915	48,997
Accumulated Depreciation				
Balance at 1 January 2022	(839)	(1,022)	(10,526)	(12,387)
Charge for the period	(195)	(220)	(3,173)	(3,588)
Disposals	-	1,102	1,196	2,298
	(1,034)	(140)	(12,503)	(13,677)
Net book value	13,854	1,054	20,412	35,320

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NOTE 11 - RIGHT OF USE ASSETS (Continued)

30 June 2021	Site Rents	Buildings	Vehicles	Total
Cost				
Balance at 1 January 2021	11,063	1,692	31,568	44,323
Additions	-	-	4,998	4,998
Rental condition changes	1,342	9	-	1,351
Disposals	-	-	(2,443)	(2,443)
	12,405	1,701	34,123	48,229
Accumulated Depreciation				
Balance at 1 January 2021	(522)	(627)	(6,933)	(8,082)
Charge for the period	(158)	(185)	(3,194)	(3,537)
Disposals	-	-	2,378	2,378
	(680)	(812)	(7,749)	(9,241)
Net book value	11,725	889	26,374	38,988

Depreciation expense for the six months ended 30 June 2022 amounting to TRY 3,367(30 June 2021: TRY 3,353) are recognized in cost of goods sold, TRY 209 (30 June 2021: TRY 174) are recognized in general administrative expenses and TRY 12 (30 June 2021: TRY 10) are recognized in marketing expenses.

NOTE 12 - INTANGIBLE ASSETS

The movement of intangible assets for the six-months periods ended 30 June 2022 and 2021 are as follows:

	2022	2021
Net book value at 1 January	115,722	84,785
Additions	18,327	28,658
Transfers	115	-
Current period amortization	(4,544)	(3,419)
Currency translation differences	15	43
Net book value at 30 June	129,635	110,067

Amortization expenses for the six months ended 30 June 2022 amounting to TRY 1,582(30 June 2021: TRY 1,378) are recognized in cost of goods sold, TRY 2,365 (30 June 2021: TRY 1,365) are recognized in research and development expenses, TRY 575 (30 June 2021: TRY 650) are recognized in general administrative expenses, TRY 22 (30 June 2021: TRY 26) are recognized in marketing expenses.

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NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

- a) The details of commitments, guarantees, pledges and mortgages given to third parties by the Group are as follows:

	30 June 2022	31 December 2021
Letters of credit commitments	1,690,580	2,299,087
Letters of guarantees given	2,526,716	1,604,248
Total	4,217,296	3,903,335

- b) Guarantee letters received for short-term trade receivables are as follows:

	30 June 2022	31 December 2021
Credit insurance limits	1,981,769	1,489,478
Mortgages received	247,460	199,206
Guarantee cheques and notes received	191,502	157,863
Share pledges	101,245	80,995
Confirmed/unconfirmed letters of credit	48,274	42,833
Limits of direct debiting system (“DDS”)	60,796	21,465
Guarantee letters received	22,311	12,653
Total	2,653,357	2,004,493

- c) Collaterals, Pledges and Mortgages given by the Group (“CPM”):

	30 June 2022	31 December 2021
A. CPM given on behalf of the Group’s legal personality	4,217,296	3,903,335
-USD	3,980,257	3,757,087
-EUR	185,127	109,007
-TRY	51,912	37,241
-Other	-	-
B. CPM given on behalf of fully consolidated subsidiaries	-	-
C. CPM given for continuation of its economic activities on behalf of third parties	-	-
D. Total amount of other CPM given	-	-
i) Total amount of CPM given on behalf of the parent company	-	-
ii) Total amount of CPM given to on behalf of other group companies which are not in scope of B and C	-	-
iii) Total amount of CPM given on behalf of third parties which are not in scope of C	-	-
Total	4,217,296	3,903,335

As of 30 June 2022 and 31 December 2021, the ratio of other CPMs’ given by the Company (D) to equity is 0%.

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NOTE 14 - DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are initially recognized at their acquisition cost and re-measured at their fair value in the following periods. The derivative financial instruments of the Group mainly consist of currency forward contracts and interest rate swap instruments.

	30 June 2022		31 December 2021	
	Asset	Liability	Asset	Liability
Derivatives used for hedging	22,354	-	5,827	-
Held for trading	-	-	3,022	-
Total	22,354	-		

Derivatives used for hedging:

	30 June 2022		31 December 2021	
	Contract	Fair value	Contract	Fair value
	amount	Asset	amount	Liability
	USD (thousand)	TRY	USD (thousand)	TRY
Interest rate swaps	28,669	22,354	33,447	5,827
Total	28,669	22,354	33,447	5,827

Derivative financial instruments are initially recognized at their acquisition cost and re-measured at their fair value in the following periods and the Group implement this policy. The derivative financial instruments of the Group mainly consist of currency forward contracts and interest rate swap instruments.

At the date of the derivative contract, the Group determines that there are transactions that provide hedging against changes in cash flows arising from a certain risk and that may affect profit / loss (cash flow hedges) for a registered asset or liability or transactions that may be associated with a certain risk and are likely to occur.

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NOTE 14 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

These derivative financial instruments are recognized as derivative financial instruments for hedging purposes in the consolidated financial statements, since they provide effective protection against risks for the Group and meet the necessary conditions in terms of risk accounting.

If the hedging instrument fails to meet the terms of the hedge accounting, selling, expiring, or if one of the promised or probable future transactions is not expected to occur, the contractual or probable future transaction will be the hedging instrument continues to be classified separately under equity. When the committed or probable future transaction is realized or predicted future transaction will not to be happen, it is recognized in profit or loss and the accumulated gains or losses related to the transaction are reflected to the consolidated financial statements as profit or loss.

As of 30 June 2022, the fixed interest rates are 0.325% (31 December 2021: 0.325%). The Group’s main floating interest rates are EURIBOR and LIBOR.

Derivative financial instruments held for trading:

The Group is able to make option contracts regarding to foreign exchange trading transactions in accordance with its risk policies. The mentioned option transactions are accounted as derivative financial instruments held for trading in the consolidated financial statements, as they do not qualify for hedge accounting and changes in fair value of these financial instruments are recognized in the consolidated statement of income.

	<u>30 June 2022</u>		<u>31 December 2021</u>	
	<u>Contract amount (thousand)</u>	<u>Fair value Liability TRY</u>	<u>Contract amount (thousand)</u>	<u>Fair value Liability TRY</u>
Foreign exchange transactions				
- USD	-	-	9,000	3,022
Total	-	-	9,000	3,022

NOTE 15 - ASSETS HELD FOR SALE

Assets held for sale summary information is as follows:

	30 June 2022	31 December 2021
Cost	-	4,407
Accumulated depreciation	-	(2,266)
Net book value	-	2,141

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NOTE 16 - EQUITY

Aksa has adopted the registered share capital system applicable to companies registered on the Capital Markets Board and set a limit on its registered share capital representing type of registered shares with a nominal value of Kr 1. As of 30 June 2022 and 31 December 2021 the historical, authorized and issued capital of Aksa is presented below:

	30 June 2022	31 December 2021
Limit on registered share capital	650,000	650,000
Issued share capital	323,750	323,750

The Group’s shareholders and their shares is shareholding structure as follows:

	Share %	30 June 2022	Share %	31 December 2021
Akkök Holding	39.59	128,166	39.59	128,166
Emniyet Ticaret ve Sanayi A.Ş.	21.10	68,325	20.23	65,500
Other	39.31	127,259	40.18	130,084
	100.00	323,750	100.00	323,750

The Company has 32,375,000,000 shares (31 December 2021: 32,375,000,000) with a nominal value of 1 Kr (31 December 2021: 1 Kr). All shareholders have same rights and there are not issued different type of shares such as privilege. Adjustment to share capital represents the difference between the amounts of the restatement effect of cash and cash equivalents contributions to share capital and the amounts before the restatements.

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NOTE 17 - EXPENSES BY NATURE

Cost of sales, marketing expenses, general administrative expenses and research and development expenses by nature for the six-and three-months ended at 30 June 2022 and 2021 are as follows:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Raw materials and goods	5,756,507	3,043,636	2,210,432	1,212,181
Employee benefit expenses	190,048	97,576	125,411	68,973
Depreciation and amortization	103,070	53,195	66,545	32,504
Consumable materials	87,251	46,141	40,571	20,664
Commission expenses	67,971	37,705	17,093	10,313
Export expenses	45,767	17,913	24,370	16,060
Maintenance, repair, and cleaning expenses	37,436	24,466	24,636	13,313
Information technologies expenses	12,428	6,709	9,097	4,956
Insurance expenses	12,280	6,264	5,912	2,904
Consultancy expenses	8,271	4,749	4,502	2,221
Other	126,838	66,856	42,291	19,991
Total	6,447,867	3,405,210	2,570,860	1,404,080

NOTE 18 - OTHER OPERATING INCOME/(EXPENSE)

Other operating income for the six- and three-months ended at 30 June 2022 and 2021 are as follows:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Foreign exchange gains arising from trading activities	1,192,754	358,788	236,501	66,846
Interest income on credit sales	27,324	25,575	13,321	7,061
Gain on sale of scraps	11,487	8,273	4,452	1,938
Other	415	131	783	252
Total	1,231,980	392,767	255,057	76,097

Other operating expense for the six and three-months ended at 30 June 2022 and 2021 are as follows:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Foreign exchange losses arising from trading activities	1,310,890	379,881	244,797	63,887
Provision for doubtful receivables	63,877	55,583	7,765	(787)
Interest expense from credit purchases	21,370	15,405	3,226	1,048
Other	1,598	1,333	491	224
Total	1,397,735	452,202	256,279	64,372

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NOTE 19 - FINANCE INCOME / COSTS

Finance income for the six- and three-months ended at 30 June 2022 and 2021 are as follows:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Foreign exchange gains	256,474	83,035	134,354	46,464
Interest income	60,109	31,046	17,324	7,360
Total	316,583	114,081	151,678	53,824

Finance costs for the six- and three-months ended at 30 June 2022 and 2021 are as follows:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Foreign exchange losses	726,352	536,731	163,693	72,941
Interest and commission expenses	43,002	25,891	30,155	9,890
Total	769,354	562,622	193,848	82,831

NOTE 20 - TAX ASSETS AND LIABILITIES

Tax expenses for the six- and three-months ended at 30 June 2022 and 2021 are as follows:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Current income tax expense	163,974	57,499	(36,715)	(33,290)
Deferred tax (expense)/income, net	9,167	(27,143)	(18,454)	(19,637)
Total tax (expense)/income	173,141	30,356	(55,169)	(52,927)

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NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

Deferred Income Tax Assets and Liabilities

As of 30 June 2022 and 31 December 2021, the breakdown of cumulative temporary differences and deferred income tax assets and liabilities with using the statutory tax rates are as follows:

	Temporary Taxable Differences		Deferred Income Tax Asset/Liability	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Property, plant and equipment and intangible assets	563,541	649,288	115,276	134,510
Deferred income	294,209	288,481	63,123	63,490
Trade receivables	115,657	-	23,131	-
Employee termination benefits	99,129	63,520	19,826	12,704
Lease liabilities	56,473	55,989	11,295	11,198
Other short-term liabilities	47,969	72,108	9,900	14,896
Deferred tax assets			242,551	236,798
Inventories	(146,498)	(142,907)	(32,230)	(32,869)
Right-of-use assets	(35,320)	(35,796)	(7,064)	(7,159)
Derivative financial instruments	(22,354)	(8,849)	(4,471)	(1,770)
Trade payables	(9,919)	(2,476)	(1,984)	(495)
Trade receivables	-	(12,123)	-	(2,425)
Deferred tax liabilities			(45,749)	(44,718)
Deferred tax assets/(liability), net			196,802	192,080

Movement for the deferred income tax asset/(liabilities) for the six-months periods ended at 30 June 2022 and 2021 are as follows:

	2022	2021
1 January	192,080	2,264
Deferred tax expenses for the period, net	(9,167)	(18,454)
Recognized under the equity	13,318	21,801
Currency translation differences	571	(133)
30 June	196,802	5,478

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NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

	30 June 2022	31 December 2021
Income tax	(163,974)	(67,490)
Prepaid taxes	97,428	70,937
Current income tax assets/(liabilities)	(66,546)	3,447

NOTE 21 - EARNINGS PER SHARE

Earnings per share disclosed in the consolidated statements is determined by dividing net profit for the period by the weighted average number of shares issued within the relevant period. Calculating of earnings per share for the six and three-months ended at 30 June 2022 and 2021 are as follows:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Net profit attributable to the equity holders of the parent (TRY) (*) (A)	1,055,582,034	430,215,052	424,220,989	290,878,776
Weighted average number of shares (B)	32,375,000,000	32,375,000,000	32,375,000,000	32,375,000,000
Earnings per share (Kr) (A/B)	3.26	1.33	1.31	0.90

(*) Amounts expressed in full Turkish Lira.

a) Short-term trade receivables:

As of 30 June 2022 and 31 December 2021, trade receivables from related parties are as follows:

	30 June 2022	31 December 2021
Ak-Pa Tekstil İhracat Pazarlama A.Ş. (“Ak-Pa”) (*) ⁽¹⁾	692,860	383,798
DowAksa İleri Kompozit Malzemeler San. Ltd. Şti. (“DowAksa”) ⁽²⁾	131,774	28,213
Akkim Kimya San. ve Tic. A.Ş. (“Akkim”) ⁽¹⁾	74,651	33,028
Sakarya Elektrik Perakende Satış A.Ş. (“Sepaş”) ⁽¹⁾	29,890	13,879
Other	3,572	1,087
Less: Unaccrued finance income from future sales	(6,313)	(4,103)
Total	926,434	455,902

(*) Foreign sales are made through Ak-Pa, the foreign trade company of the Group, and the balance consists of trade receivables arising from these transactions.

As of 30 June 2022 and 31 December 2021, the foreign currency denominated trade receivables have 3 months maturity on average and are discounted with annual average discount rate of 5.1 (31 December 2021: 2.4) based on USD.

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NOTE 21 - EARNINGS PER SHARE (Continued)

b) Short-term trade payables:

As of 30 June 2022 and 31 December 2021, short-term trade payables to related parties are as follows:

	30 June 2022	31 December 2021
Akkim ⁽¹⁾	56,024	27,599
Ak-Pa ⁽¹⁾	51,818	43,333
Dinkal Sigorta Acenteliği A.Ş. (**) ⁽¹⁾	12,175	2,377
Yalova Kompozit ve Kimya İhtisas Organize Sanayi Bölgesi (“Yalkim OSB”) ⁽⁴⁾	11,526	6,337
Aktek Bilgi İşlem Tekn. San. ve Tic. A.Ş. ⁽¹⁾	3,779	2,001
Akgirişim Müt. Müş. Çevre Tek. San. Tic. A.Ş. (“Akgirişim”) ⁽⁴⁾	557	12,863
DowAksa ⁽²⁾	-	2,545
Other	292	538
Total	136,171	97,593

(**) This amount represent payments to insurance companies through Dinkal Sigorta Acenteliği A.Ş.

As of 30 June 2022 and 31 December 2021, trade payables have an average maturity of one (1) month.

- (1) Akkök Holding subsidiary
- (2) Company’s joint venture
- (3) Company main shareholder
- (4) Other related parties

c) Advances given:

As of 30 June 2022 and 31 December 2021, advances given to related parties are as follows:

	30 June 2022	31 December 2021
Yalkim OSB ⁽⁴⁾	41,189	4,846
Akgirişim ⁽⁴⁾	8,482	15,737
Total	49,671	20,583

Advances given are consists of advance payments for various investment projects in Yalova facility.

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NOTE 21 - EARNINGS PER SHARE (Continued)

d) Sales:

Sales to related parties for the six- and three-months ended at 30 June 2022 and 2021 are as follows:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Ak-Pa ^(*) (1)	3,325,056	1,802,810	849,686	491,541
Akkim ⁽¹⁾	279,544	170,142	73,551	40,777
DowAksa ⁽²⁾	223,825	108,681	48,069	25,155
Sepaş ⁽¹⁾	56,066	25,330	9,315	4,912
Akenerji ⁽¹⁾	6,825	4,528	1,681	976
Other	8,703	4,745	3,820	1,825
Total	3,900,019	2,116,236	986,122	565,186

(*) Foreign sales are made through Ak-Pa, the foreign trade company of the Group, and the balance consists of trade receivables arising from these exporting transactions.

Other sales to related parties consist of rent incomes, electric and steam energy sales.

- (1) Akkök Holding subsidiary
- (2) Company’s joint venture
- (3) Company main shareholder
- (4) Other related parties

f) Purchases of goods and services:

Purchases for the six-and three months ended at 30 June 2022 and 2021 are as follows:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Akkim ⁽¹⁾	189,511	94,925	84,795	47,013
Akgirişim ⁽⁴⁾	35,473	5,009	28,766	20,578
Yalkim OSB ⁽⁴⁾	45,929	23,831	28,092	15,648
Dinkal Sigorta Acenteliği A.Ş. ^(*) (1)	34,309	4,070	14,736	752
Ak-Pa ⁽¹⁾	44,007	24,117	13,745	7,958
Aktek ⁽¹⁾	15,629	9,604	10,660	6,446
Other	10,088	6,612	2,643	1,603
Total	374,946	168,168	183,437	99,998

(*) Insurance service purchases from various insurance companies through Dinkal Sigorta Acenteliği A.Ş.

Purchases from related parties consist of chemicals, insurance, contracting, consultancy, commissions, rent, expenses for organized industrial zone and other service purchases.

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NOTE 21 - EARNINGS PER SHARE (Continued)

g) Interest Income:

The Group has purchased private sector bonds with floating interest coupon payments issued by Akış, and interest income has been recognized during the period.

h) Key management compensation:

The Group defined its key management personnel as member of executive committee and board members. Benefits provided to these key management personnel for the six-and three months ended at 30 June 2022 and 2021 are as follows:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Wages and other short term employee benefits	15,918	4,113	12,046	3,393
Provision for employment termination benefits	36	22	30	15
Total	15,954	4,135	12,076	3,408

- (1) Akkök Holding subsidiary
- (2) Company's joint venture
- (3) Company main shareholder
- (4) Other related parties

Benefits provided to board members for the six- three-months ended at 30 June 2022 and 2021 are as follows:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Salary and other short term employee benefits	1,184	752	889	500
Provision for employment termination benefits	-	-	-	-
Total	1,184	752	889	500

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 22 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Risk management objectives and principles

The Group’s principal financial instruments are cash and cash equivalents, trade receivables and financial liabilities. The main purpose of these financial instruments is to raise financing for the Group’s operations. The Group has also other financial instruments such as trade debtors and trade creditors, those are directly arising from its operations. The main risks arising from the Group’s financial instruments are liquidity risk, foreign currency risk and credit risk. The Group management reviews and agrees policies for managing each of the risks as summarized below.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. This risk is managed by balancing the amounts and maturities of interest rate sensitive assets and liabilities, using on-balance sheet methods or using derivative financial instruments when necessary. In this scope, Group consider to same interest renewal periods besides maturities. To minimize the impact of the interest rate changes in financial liabilities, “fixed/flexible interest”, “short term maturity/long term maturity” and “TRY/foreign currency” ratios are considered in line with each other and with their assets structure.

Credit risk

Ownership of financial assets brings along the risk of contractual non-performance by the counter party, defined as credit risk. The Group controls credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of the counterparties. In line with the Group policy, all customers who wish to trade on credit terms are subject to credit screening procedures and the Group also obtains guarantees and collaterals from customers. Guarantees received mainly consist of mortgages, Direct Debiting System provided by banks, letters of guarantee and guarantee cheques and notes. The Group regularly evaluates the collateral values of mortgages. In addition, the receivables are constantly examined and the risk of doubtful credit / receivables of the Group is minimized. Trade receivables are evaluated by management based on their past experiences and current economic condition, then presented in financial statements after necessary provisions recognized for doubtful receivables (Note 7).

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**NOTE 22 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

Credit risk (Continued)

Aging analysis for trade receivables

The Company has a doubtful receivable provision of TRY 194,144 (31 December 2021: TRY 130,267) on its receivables, and the aging of the overdue receivables for which no provision has been made is as follows:

Trade receivables	30 June 2022	30 June 2021
1-30 days past due	114,163	96,403
1-3 months past due	32,695	23,887
3-12 months past due	12,053	6,611
More than 12 months past due	172,863	180,662
Total	331,774	307,856
Part is under guarantee	274,532	276,856

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**NOTE 22 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

Foreign Exchange Risk

The Group is exposed to foreign exchange risk arising from the ownership of foreign currency denominated assets and liabilities to the translation of the Turkish Lira. The exchange rate risk is monitored by the analysing the foreign currency position. The Group is exposed to foreign exchange risk arising from the ownership of foreign currency denominated assets and liabilities.

Foreign currency position presented in TRY is as follows:

	30 June 2022		31 December 2021	
	TRY	USD	TRY	USD
	Equivalent	Equivalent(*)	Equivalent	Equivalent(*)
Assets	2,560,478	153,677	3,570,729	267,892
Liabilities	6,279,486	376,888	6,061,963	454,795
Net balance sheet position	(3,719,008)	(223,211)	(2,491,234)	(186,903)
Foreign currency denominated net position of derivative financial assets/(liabilities)	-	-	119,961	9,000
Net Foreign Currency Asset/(Liability) Position	(3,719,008)	(223,211)	(2,371,273)	(177,903)
Inventories considered under natural hedge (**)	2,230,489	133,872	1,503,552	112,803
Cash flow hedge (***)	1,009,824	60,609	991,376	74,377
Net foreign currency position after hedge	(478,695)	(28,730)	123,655	9,277

(*) US Dollar equivalent amounts are calculated by dividing the TRY positions by the US dollar exchange rates as of the balance sheet date and unless otherwise stated, they are expressed in thousand US Dollar.

(**) The Group limits the foreign currency risk arising from net foreign currency financial liabilities and trade payables by reflecting changes to product sales prices. The amount consists of the Group's total raw material, semi-finished and finished product stocks.

(***) As of 30 June 2022, principal amount of loans amounting to USD 28,669 thousand and EUR 30,636 thousand (hedging instruments), were matched to the amount of future highly probable sales transactions (hedged items) to apply cash flow hedge accounting (31 December 2021: USD 48,447 thousand and EUR 22,909 thousand). As a result of the effectiveness test performed within this scope, the Group has determined that the entire transaction is effective. As of the reporting period, amounting to TRY 57,112 (30 June 2021: TRY 91,681) before tax is recognized under “Other Comprehensive Income”. The ineffective portion arises when sales and credit payments are not realized on the same date and as of the reporting period, the ineffective portion is insignificant.

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**NOTE 22 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

As of 30 June 2022 and 31 December 2021, the foreign currency positions are as follows:

	30 June 2022			
	TRY equivalent	USD position	EUR position	Other
1. Trade Receivables	2,073,851	112,584	10,730	11,664
2a. Monetary Financial Assets (including cash and bank accounts)	334,356	14,939	4,431	8,476
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. Current Assets (1+2+3)	2,408,207	127,523	15,161	20,140
5. Trade Receivables	152,271	9,139	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	152,271	9,139	-	-
9. Total Assets (4+8)	2,560,478	136,662	15,161	20,140
10. Trade Payables	3,443,421	201,133	5,300	200
11. Financial Liabilities	2,080,763	114,610	9,856	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-monetary Liabilities	-	-	-	-
13. Short-Term Liabilities (10+11+12)	5,524,184	315,743	15,156	200
14. Trade Payables	-	-	-	-
15. Financial Liabilities	720,562	19,113	23,150	-
16 a. Other Monetary Liabilities	34,740	-	2,000	-
16 b. Other Non-monetary Liabilities	-	-	-	-
17. Long-Term Liabilities (14+15+16)	755,302	19,113	25,150	-
18. Total Liabilities (13+17)	6,279,486	334,856	40,306	200
19. Off Balance Sheet Derivative Items’ Net Asset/(Liability) Position (19a-19b)	-	-	-	-
19a. Net Assets of Statement of Financial Position	-	-	-	-
19b. Net Liabilities of Statement of Financial Position	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	(3,719,008)	(198,194)	(25,145)	19,940
21. Net Foreign Currency Monetary Assets/(Liabilities) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	(3,719,008)	(198,194)	(25,145)	19,940
22. Fair Value of Financial Instruments Used for Foreign Hedge	-	-	-	-
23. Amount of Hedged Foreign Currency Assets	2,230,489	133,872	-	-
24. Amount of Hedged Foreign Currency Liabilities	1,009,824	28,669	30,636	-

As of 30 June 2022, the Company has TRY 478,695 (31 December 2021: TRY 123,655 foreign currency deficit, net) foreign currency surplus, net after derivative financial instruments (page 33).

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**NOTE 22 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

	31 December 2021			
	TRY equivalent	USD position	EUR position	Other
1. Trade Receivables	1,005,093	70,324	(2,033)	98,405
2a. Monetary Financial Assets) (including cash and bank accounts)	2,424,176	146,187	30,917	9,209
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. Current Assets (1+2+3)	3,429,269	216,511	28,884	107,614
5. Trade Receivables	141,460	10,613	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	141,460	10,613	-	-
9. Total Assets (4+8)	3,570,729	227,124	28,884	107,614
10. Trade Payables	3,069,790	217,996	10,806	1,092
11. Financial Liabilities	2,368,267	169,622	7,116	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-monetary Liabilities	-	-	-	-
13. Short-Term Liabilities (10+11+12)	5,438,057	387,618	17,922	1,092
14. Trade Payables	-	-	-	-
15. Financial Liabilities	593,733	23,891	18,248	-
16 a. Other Monetary Liabilities	30,173	-	2,000	-
16 b. Other Non-monetary Liabilities	-	-	-	-
17. Long-Term Liabilities (14+15+16)	623,906	23,891	20,248	-
18. Total Liabilities (13+17)	6,061,963	411,509	38,170	1,092
19. Off Balance Sheet Derivative Items’ Net Asset/(Liability) Position (19a-19b)	119,961	9,000	-	-
19a. Off balance sheet derivative asset amount	119,961	9,000	-	-
19b. Off balance sheet derivative liability amount	-	-	-	-
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	(2,371,273)	(175,385)	(9,286)	106,522
21. Monetary Net Foreign Currency Assets/(Liabilities) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	(2,491,234)	(184,385)	(9,286)	106,522
22. Fair Value of Financial Instruments				
Used for Foreign Hedge	3,022	227	-	-
23. Amount of Hedged Foreign Currency Assets	1,503,552	112,803	-	-
24. Amount of Hedged Foreign Currency Liabilities	991,376	48,447	22,909	-

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NOTE 22 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

As of 30 June 2022 and 31 December 2021, the analysis of the foreign currency sensitivity are as follows.

30 June 2022	Profit/loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case 10% appreciation of USD against TRY				
USD net asset/ (liability)	(330,217)	330,217	95,966	(95,966)
Amount hedged for USD risk	47,767	(47,767)	(47,767)	47,767
USD net effect	(282,450)	282,450	48,199	(48,199)
In case 10% appreciation of EUR against TRY				
EUR net asset/(liability)	(43,678)	43,678	-	-
Amount hedged for EUR risk	53,216	(53,216)	(53,216)	53,216
EUR net effect	9,538	(9,538)	(53,216)	53,216
31 December 2021				
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation of USD against TRY				
USD net asset/(liability)	(245,767)	245,767	77,818	(77,818)
Amount hedged for USD risk	76,571	(76,571)	64,575	(64,575)
USD net effect	(169,196)	169,196	142,393	(142,393)
In case of 10% appreciation of EUR against TRY				
EUR net asset/(liability)	(14,008)	14,008	-	-
Amount hedged for EUR risk	34,562	(34,562)	34,562	(34,562)
EUR net effect	20,554	(20,554)	34,562	(34,562)

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**NOTE 22 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

Capital risk management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and maintain an optimal structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital based on the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including financial liabilities, trade payables and due to related parties, as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

The ratio of net debt to equity is as follows:

	30 June 2022	31 December 2021
Total monetary liabilities	6,369,076	6,141,431
Less: Cash and cash equivalents	(1,111,335)	(2,835,689)
Net debt	5,257,741	3,305,742
Total shareholders’ equity	3,422,727	2,834,279
Total capital	8,680,468	6,140,021
Net debt/equity ratio	%61	%54

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