

**(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 2021
TOGETHER WITH AUDITOR'S REVIEW REPORT**



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REVIEW REPORT
ORIGINALLY ISSUED IN TURKISH
REPORT ON REVIEW OF CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION**

To the General Assembly of
Aksa Akrilik Kimya Sanayii A.Ş.

Introduction

1. We have reviewed the accompanying condensed consolidated statement of financial position of Aksa Akrilik Kimya Sanayii A.Ş. (the "Company") and its subsidiaries (collectively referred as the "Group") as at 30 June 2021, the condensed consolidated statement of profit or loss and other comprehensive income, changes in equity, cash flows and other explanatory notes for the six-month period then ended ("condensed consolidated interim financial information"). The management of the Group is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

2. We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the consolidated financial statements. Consequently, a review on the condensed consolidated interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

3. Based on our review, nothing has come to our attention that causes us to conclude that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with TAS 34.

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

Sertu Talı, SMMM
Partner

İstanbul, 12 August 2021

**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 2021**

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**CONVENIENCE TRANSLATION INTO ENGLISH OF THE INTERIM
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AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2021 AND 31 DECEMBER 2020**

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

	Notes	30 June 2021 USD (*)	Reviewed 30 June 2021 TRY	Audited 31 December 2020 TRY
Current assets		351,683	3,061,467	2,653,990
Cash and cash equivalents		53,632	466,873	906,204
Financial investments	4	2,329	20,277	37,261
Trade receivables				
- Due from unrelated parties	7	81,836	712,401	425,428
- Due from related parties	22	57,294	498,755	404,580
Other receivables				
- Due from unrelated parties		116	1,012	716
Derivative financial assets	14	40	346	-
Inventories	8	123,608	1,076,036	630,967
Prepayments		2,561	22,294	34,294
Other current asset		30,266	263,473	123,190
Subtotal		351,682	3,061,467	2,562,640
Assets held for sale	15	-	-	91,350
Total current assets		351,682	3,061,467	2,653,990
Non-current assets		297,738	2,591,860	2,272,022
Trade receivables				
- Due from unrelated parties	7	12,902	112,318	101,637
Derivative financial assets	14	119	1,038	-
Investment accounted for using equity method	5	55,822	485,946	388,529
Investment properties	9	4,765	41,480	42,110
Property, plant and equipment	10	199,198	1,734,055	1,576,736
Right of use assets	11	4,479	38,988	36,241
Intangible assets and goodwill				
- Goodwill		688	5,989	5,989
- Other intangible assets	12	12,644	110,067	84,785
Deferred tax assets	20	629	5,478	2,264
Prepayments		6,492	56,501	33,731
Total assets		649,420	5,653,327	4,926,012

(*) 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 2021, 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 2021 have been approved for issue by the Board of Directors on 12 August 2021.

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 2021 AND 31 DECEMBER 2020**

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

	Notes	30 June 2021 USD (*)	Reviewed 30 June 2021 TRY	Audited 31 December 2020 TRY
Current liabilities		351,225	3,057,480	1,818,201
Current borrowings	6	111,236	968,329	511,554
Short-term portion of long-term borrowings				
- Bank loans	6	22,047	191,921	197,330
- Lease liabilities	6	917	7,985	6,817
Trade payables				
- Due to unrelated parties		189,721	1,651,562	707,133
- Due to related parties	22	10,291	89,583	56,681
Payables related to employee benefits		655	5,699	4,825
Other payables				
- Other payables to unrelated parties		162	1,412	1,505
Derivative instruments	14	16	141	65,818
Deferred income other than contract liabilities		9,570	83,311	216,112
Current tax liabilities	20	3,714	32,331	21,230
Provisions				
- Provision for employee benefits		2,884	25,106	29,096
- Other provisions		12	100	100
Non-current liabilities		63,891	556,187	1,241,651
Long term borrowings				
- Bank loans	6	52,048	453,091	1,149,230
- Lease liabilities	6	4,424	38,510	35,166
Non-current provisions				
- Non-current provisions for employee benefits		5,035	43,829	38,972
Derivative instruments	14	-	-	249
Other non-current liabilities		2,384	20,757	18,034
Total liabilities		415,116	3,613,667	3,059,852
EQUITY		234,304	2,039,660	1,866,160
Equity attributable to owners of parent		234,304	2,039,660	1,866,160
Issued capital	16	37,190	323,750	323,750
Inflation adjustments on capital	16	6,487	56,469	56,469
Treasury shares (-)	16	-	-	(6,666)
Other accumulated comprehensive income/(loss) that will not be reclassified in profit or loss				
- Gains/(losses) on remeasurement of defined benefit plans		(2,027)	(17,648)	(15,018)
- Share of other comprehensive income of investments accounted for using equity method		526	4,581	3,331
Other comprehensive income/loss that will be reclassified in profit or loss				
- Exchange differences on translation		54,022	470,271	385,910
- Gains/(losses) on hedge		(9,898)	(86,165)	(15,628)
Restricted reserves		29,416	256,074	214,787
Prior years' profits or losses		69,856	608,107	479,272
Current period net profit or loss		48,732	424,221	439,953
Non-controlling interests		-	-	-
Total liabilities and equity		649,420	5,653,327	4,926,012

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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 2021 AND 2020**

(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 January -	1 January -
		30 June	30 June	30 June	30 June
		2021	2021	2020	2020
		TRY	TRY	TRY	TRY
	Notes	USD (*)	TRY	TRY	TRY
Profit or loss					
Revenue		389,967	3,067,718	1,751,498	540,560
Cost of sales (-)	17	(313,550)	(2,466,569)	(1,345,367)	(472,098)
Gross profit (loss)		76,417	601,149	406,131	282,086
General administrative expenses (-)	17	(5,551)	(43,671)	(22,259)	(18,851)
Marketing expenses (-)	17	(7,062)	(55,551)	(33,407)	(13,668)
Research and development expenses (-)	17	(644)	(5,069)	(3,047)	(1,524)
Other income from operating activities	18	32,423	255,057	76,097	52,521
Other expense from operating activities (-)	18	(32,578)	(256,279)	(64,372)	(36,041)
Profit/(loss) from operating activities		63,005	495,636	359,143	227,543
Investment activity income		610	4,796	1,518	1,657
Share of profit (loss) from investments accounted for using equity method	5	2,686	21,128	12,152	(985)
Profit/(loss) before financing income/(expense)		66,301	521,560	372,813	229,345
Finance income	19	19,281	151,678	53,824	52,064
Finance costs (-)	19	(24,642)	(193,848)	(82,831)	(135,271)
Profit/(loss) from continuing operations, before tax		60,940	479,390	343,806	50,764
Tax (expense) / income continuing operations					
- Current period tax (expense)/income	20	(4,667)	(36,715)	(33,290)	7,774
- Deferred tax (expense)/income	20	(2,346)	(18,454)	(19,637)	6,448
Profit/(loss) from continuing operations		53,927	424,221	290,879	47,355
Attributable to:					
Owners of parent		53,927	424,221	290,879	47,355
Non-controlling interest		-	-	-	-
		53,927	424,221	290,879	47,355
Basic earnings/(loss) per share from continuing operations (Kr)	21	0.17	1.31	0.90	0.15

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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 2021 AND 2020**

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

	1 January - 30 June 2021 USD (*)	<i>Reviewed</i> 1 January - 30 June 2021 TRY	<i>Not reviewed</i> 1 April - 30 June 2021 TRY	<i>Reviewed</i> 1 January - 30 June 2020 TRY	<i>Not reviewed</i> 1 April - 30 June 2020 TRY
Other comprehensive income					
Other comprehensive income that will not be reclassified to profit or loss					
Gains/(losses) on remeasurements of defined benefit plans	(418)	(3,287)	(3,287)	(1,717)	(1,717)
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	159	1,250	671	477	297
Taxes relating to components of other comprehensive income that will not be reclassified to profit or loss	83	657	657	343	343
Other comprehensive income that will be reclassified to profit or loss					
Other comprehensive income/(loss) related with cash flow hedges	(11,650)	(91,681)	(11,899)	(15,788)	9,332
Currency translation differences	10,720	84,361	24,098	55,553	(4,042)
Taxes relating to other comprehensive income to be reclassified to profit or loss	2,687	21,144	3,592	3,473	(2,053)
Total comprehensive income/(loss)	55,490	436,665	304,711	89,696	(15,611)
Attributable to:					
Owners of parent	55,490	436,665	304,711	89,696	(15,611)
Non-controlling interest	-	-	-	-	-
	55,490	436,665	304,711	89,696	(15,611)

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AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2021 AND 2020**

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

Reviewed	Attributable to equity owners of parent													
	Issued capital	Inflation adjustments on share capital	Treasury shares	Share premiums or discounts	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 2020	185,000	195,175	(34,106)	44	(18,384)	179,838	2,409	300,883	(10,930)	457,609	277,682	1,535,220	-	1,535,220
Treasury shares	-	-	26,936	-	-	-	-	-	-	16,867	-	43,803	-	43,803
Issue of equity	138,750	(138,706)	-	(44)	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	34,949	-	-	-	242,733	(277,682)	-	-	-
Dividends paid	-	-	891	-	-	-	-	-	-	(239,575)	-	(238,684)	-	(238,684)
Total comprehensive income	-	-	-	-	(12,315)	-	477	55,553	(1,374)	-	47,355	89,696	-	89,696
30 June 2020	323,750	56,469	(6,279)	-	(30,699)	214,787	2,886	356,436	(12,304)	477,634	47,355	1,430,035	-	1,430,035

Reviewed	Attributable to equity owners of parent													
	Issued capital	Inflation adjustments on share capital	Treasury shares	Share premiums or discounts	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

(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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AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIODS ENDED 30 JUNE 2021 AND 2020**

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

	Notes	1 January - 30 June 2021 USD (*)	Reviewed 1 January - 30 June 2021 TRY	Reviewed 1 January - 30 June 2020 TRY
A. Cash flows from (used in) operating activities		58,769	462,316	103,275
Profit/(loss)		53,927	424,221	47,355
Adjustments to reconcile profit/(loss):		19,321	151,988	255,932
- Adjustments for depreciation and amortization expense	17	8,459	66,545	59,383
- Adjustments for impairments loss (reversal of impairment loss)		3,028	23,822	13,889
- Adjustments for provisions		531	4,175	4,316
- Adjustments for interest (income)/expenses	19	1,631	12,831	30,141
- Adjustments for unrealised foreign exchange losses/ (gains)		10,128	79,673	107,301
- Adjustments for fair value gains (losses)	14	(8,556)	(67,310)	36,984
- Adjustments for undistributed profits of investments accounted for using equity method	5	(2,686)	(21,128)	985
- Adjustments for tax (income)/expenses	20	7,013	55,169	3,409
- Adjustments for losses/ (gains) on disposal of non-current assets		(227)	(1,789)	(476)
Changes in working capital		(15,586)	(122,605)	(207,438)
- Adjustments for decrease/(increase) in inventories		(58,584)	(460,855)	145,387
- Adjustments for decrease/(increase) in trade accounts receivable		(35,864)	(282,125)	154,201
- Adjustments for increase/(decrease) in trade accounts payable		115,136	905,730	(463,656)
- Adjustments for increase/(decrease) in other operating payables		(12)	(93)	(139)
- Adjustments for (increase)/decrease in other operating receivables		(38)	(296)	-
- Other adjustments for other increase/(decrease) in working capital		(36,224)	(284,966)	(43,231)
Cash flows from (used in) operations		57,662	453,604	95,849
Interest paid		(410)	(3,226)	(3,767)
Interest received		1,693	13,321	12,022
Payments related with provisions for employee benefits		(176)	(1,383)	(829)
B. Cash flows from (used in) investing activities		(19,155)	(150,685)	(223,016)
Proceeds from sales of property, plant, equipment and intangible assets		11,894	93,566	480
Purchase of property, plant, equipment and intangible assets		(29,909)	(235,285)	(186,787)
Cash advances and loans made to other parties		(3,303)	(25,984)	(29,709)
Cash inflows from participation (profit) shares or other financial instruments		2,163	17,018	-
Cash outflows from participation (profit) shares or other financial instruments		-	-	(7,000)
C. Cash Flows From/ (Used in) Financing Activities		(96,243)	(757,111)	329,870
Payments to acquire entity's shares		-	-	(7,170)
Cash inflows from sale of acquired entity's shares		2,351	18,498	50,973
Proceeds from borrowings		16,507	129,852	1,245,038
Repayments of borrowings		(75,375)	(592,945)	(674,563)
Dividends paid		(35,805)	(281,663)	(238,684)
Payments of lease liabilities		(621)	(4,888)	(2,822)
Interest received		2,348	18,467	10,407
Interest paid		(5,648)	(44,432)	(53,309)
Net decrease in cash and cash equivalents before the effect of exchange change rates		(56,629)	(445,480)	210,129
D. Effect of exchange rate changes on cash and cash equivalents		931	7,326	2,624
Net increase/(decrease) in cash and cash equivalents		(55,698)	(438,154)	212,753
E. Cash and cash equivalents at the beginning of the period		109,330	904,990	635,030
Cash and cash equivalents at the end of the period		53,632	466,836	847,783

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AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2021**

(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 2021, 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.	19.74
Other (*)	40.67
Total	100.00

(*) As of 30 June 2021, 37.08% of the Aksa shares are traded on BIST.

Akkök Holding, which is the main shareholder of the Company, is controlled by Dinçkök family members. As of 30 June 2021, the number of employees employed by the Company is 1,278 (31 December 2020: 1,238).

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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AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2021**

(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 Group has prepared its condensed consolidated financial statements for the interim accounting period ending on 30 June 2021, in accordance with TAS 34 "Interim Financial Reporting" standard, within the framework of the CMB's Communiqué Serial: XII, 14,1 and the announcements explaining this communiqué. Interim condensed consolidated financial statements and notes are presented in accordance with the formats recommended by the CMB and including the mandatory information.

Businesses are free to prepare their interim financial statements as a full set or as a summary in accordance with TAS 34 standard. In this context, the Group has preferred to prepare condensed consolidated financial statements in the interim periods. According to the evaluation made for the financial statements dated 30 June 2021, the Group has summarized some footnote explanations in accordance with the standards, or has decided not to give it.

Interim condensed consolidated financial statements of the Group do not include all information and disclosures required in the annual financial statements, therefore, it should be read in conjunction with consolidated financial statements of the Group as of 31 December 2020.

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.

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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AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

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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 2021 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 2021. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

a) *Amendments in TFRS which affect the reported amounts and notes in consolidated financial statements*

None.

b) *Standards, amendments and interpretations applicable as at 30 June 2021*

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

As of March 2021, this amendment extended till June 2022 and effective from 1 April 2021. 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 has no material impact on the financial position and performance of the Group.

Amendments to TFRS 7, TFRS 4 and TFRS 16 Interest Rate Benchmark Reform;

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. This change has no material impact on the financial position and performance of the Group.

Amendments to TFRS 17 and TFRS 4 "Insurance Contracts",

Postponing the application of TFRS 9; Effective for annual reporting periods beginning on or after 1 January 2023. These amendments have been postponed to 1 January 2023, the fixed date of the temporary exemption in TFRS 4, for the implementation date of TFRS 9 Financial Instruments. This change has no material impact on the financial position and performance of the Group.

c) *Standards, amendments and interpretations that are issued but not effective as at 30 June 2021*

TFRS 17, "Insurance Contracts";

Effective for annual reporting periods beginning on or after 1 January 2023. This standard replaces TFRS 4, which currently allows for a wide variety of applications. TFRS 17 will fundamentally change the accounting of all entities that issue insurance contracts and investment contracts with discretionary participation features. The effects on the financial position and performance of the Group are being evaluated and no significant impact is expected.

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

Amendments to TAS 1, Presentation of financial statements' on classification of liabilities;

Effective from 1 January 2022. These narrow-scope amendments to TAS 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 TAS 1 means when it refers to the 'settlement' of a liability. The impact on the Group's financial position and performance is being evaluated.

A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16;

Effective from Annual periods beginning on or after 1 January 2022.

- **Amendments to TFRS 3** 'Business combinations' update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **Amendments to TAS 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 TAS 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 TFRS 1, 'First-time Adoption of TFRS', TFRS 9, 'Financial instruments', TAS 41, 'Agriculture' and the Illustrative Examples accompanying TFRS 16, 'Leases'. The impact on the Group's financial position and performance is being evaluated.

Narrow scope amendments to TAS 1, Practice statement 2 and TAS 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.

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

Amendment to TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction,

Effective 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.

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 2021 comparatively with the consolidated statement of financial position at 31 December 2020 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 2021 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 2020.

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 2021 are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2020 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 2021, 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 2020.

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 2021 of TRY 8,7052 = 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 2021 of TRY 7,8666 = 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 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 3 - SEGMENT REPORTING (Continued)

	1 January - 30 June 2020			
	Fibers	Energy	Other	Total
Total segment revenues	1,485,349	106,886	10,365	1,602,600
External revenues	1,485,349	106,886	10,365	1,602,600
Adjusted EBITDA	270,512	19,514	2,133	292,159
Unallocated corporate expenses (*)				(31,523)
EBITDA				260,636
Amortization and depreciation	(43,258)	(8,342)	(7,783)	(59,383)
Other operating income, net	-	-	-	26,290
Income from investment activities	-	-	-	2,787
Share of profit/(loss) of investment accounted for using equity method	(985)	-	-	(985)
Financial income/(expenses), net	-	-	-	(178,581)
Profit before tax				50,764

(*) Unallocated corporate expenses consists of unallocated parts of general administrative expenses for the period between 1 January - 30 June 2020.

	1 April - 30 June 2020			
	Fibers	Energy	Other	Total
Total segment revenue	477,518	57,260	5,782	540,560
External revenues	477,518	57,260	5,782	540,560
Adjusted EBITDA	69,895	9,196	1,210	80,301
Unallocated corporate expenses (**)	-	-	-	(17,654)
EBITDA				62,647
Amortization and depreciation	(19,510)	(4,548)	(4,170)	(28,228)
Other operating income, net	-	-	-	16,480
Income from investment activities	-	-	-	1,657
Loss of investment accounted for using equity method	(1,342)	-	-	(1,342)
Financial income / (expenses), net	-	-	-	(83,207)
Profit before tax				(31,993)

(**) Unallocated corporate expenses for the period between 1 April - 30 June 2020 consists of unallocated part of general administrative expenses.

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NOTE 4 - FINANCIAL INVESTMENTS

Financial Investments Held to Maturity

	30 June 2021		31 December 2020	
	Simple annual interest rate %	TRY	Simple annual interest rate %	TRY
Financial investments held to maturity				
- Less than one (1) year (TRY)	22.95	20,277	19.27	20,243
- Longer than one (1) year (USD)	-	-	5.38	17,018

As of the balance sheet date, the Group has invested in corporate bonds with a maturity date of 8 September 2021, coupon payments at a floating rate TRLIBOR+300 in every three (3) months amounting to TRY 20,000 issued by Akiş Gayrimenkul Yatırım Ortaklığı A.Ş. ("Akiş").

NOTE 5 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Joint Ventures	30 June 2021	31 December 2020
DowAksa Holdings	485,946	388,529

Summarized financial information of DowAksa Holdings is presented below:

			30 June 2021	31 December 2020
Current assets			713,295	631,503
Non-current assets			1,864,097	1,506,505
Total Assets			2,577,392	2,138,008
Short-term liabilities			681,730	501,642
Long-term liabilities			923,770	859,308
Equity			971,892	777,058
Total Liabilities			2,577,392	2,138,008
Equity corresponding to Group's shares of 50%			485,946	388,529
	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Revenue	416,843	241,515	254,883	133,976
Profit/(Loss)	42,256	24,304	(1,970)	(2,684)
Profit/(Loss) corresponding to Group's shares of 50%	21,128	12,152	(985)	(1,342)

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

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

	2021	2020
Opening balance at 1 January	388,529	302,846
Net profit/(loss) corresponding to Group's shares of 50%	21,128	(985)
Currency translation differences	75,039	51,661
Gains on remeasurements of defined benefit plans	1,250	477
30 June	485,946	353,999

NOTE 6 - BORROWINGS

Group's financial liabilities are as follows:

	30 June 2021	31 December 2020
Short-term bank borrowings	968,329	511,554
Short-term portion of long-term bank borrowings	191,921	197,330
Lease liabilities	7,985	6,817
Total short-term borrowings	1,168,235	715,701
Long-term bank borrowings	453,091	1,149,230
Lease liabilities	38,510	35,166
Total long-term borrowings	491,601	1,184,396
Total borrowings	1,659,836	1,900,097

<u>Bank Borrowings</u>	<u>30 June 2021</u>	<u>31 December 2020</u>
	Annual weighted average effective interest rate (%)	Annual weighted average effective interest rate (%)
	TRY	TRY

a) Short-term bank borrowings:

USD borrowings	2.26	957,571	-	-
TRY loans	14.75	22,419	10.24	527,616
Prepaid interest		(11,661)		(16,062)
Total short-term bank borrowings		968,329		511,554

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NOTE 6 - BORROWINGS (Continued)

	30 June 2021		31 December 2020	
	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	3.28	123,606	3.23	137,882
EUR borrowings	3.15	68,315	3.15	59,448
Lease liabilities		7,985		6,817
Total short-term portion of long-term bank borrowings		199,906		204,147
Total		1,168,235		715,701
c) Long-term bank borrowings:				
USD borrowings	3.38	249,570	2.67	942,867
EUR borrowings	3.15	203,521	3.15	206,363
Lease liabilities		38,510		35,166
Total long-term borrowings		491,601		1,184,396

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 2021	31 December 2020
Less than 3 months	14,033	339,773
Between 3-12 months	1,154,202	375,928
Between 1-2 years	158,932	832,733
Between 2-3 years	158,577	134,819
Between 3-4 years	158,298	134,260
4 years and longer	15,794	82,584
	1,659,836	1,900,097

There are no blocked deposits for borrowings which are in scope of general loan agreement (31 December 2020: None).

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NOTE 6 - BORROWINGS (Continued)

The movement of financial borrowings for the six months periods ended at 30 June 2021 and 2020 are as follows:

	2021	2020
1 January	1,900,097	1,594,189
Additions	129,852	1,245,038
Principal payments	(597,833)	(677,385)
Change in lease liabilities	6,349	26,866
Change in interest accrual	(5,946)	(1,463)
Currency translation differences	227,317	178,998
30 June	1,659,836	2,366,243

The movement of lease liabilities for the six-months periods ended at 30 June 2021 and 2020 are as follows:

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
30 June 2020	Site Rents	Buildings	Vehicles	Total
Opening balance as of 1 January 2020	9,676	1,443	4,466	15,585
Additions	1,383	-	25,483	26,866
Interest expenses	1,283	181	508	1,972
Payments	(2,746)	(366)	(1,682)	(4,794)
Closing balance as of 30 June 2020	9,596	1,258	28,775	39,629

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NOTE 7 - TRADE RECEIVABLES

Details of trade receivables are as follows:

	30 June 2021	31 December 2020
a) Short-term trade receivables:		
Trade receivables	634,287	338,989
Notes receivable and cheques	98,781	107,236
Less: Provision for doubtful receivables	(18,848)	(18,819)
Less: Unearned finance income on credit sales	(1,819)	(1,978)
Total short-term trade receivables, net	712,401	425,428
b) Long-term trade receivables:		
Long-term trade receivables	139,832	123,430
Notes receivable and cheques	58,546	57,102
Less: Unearned finance income on credit sales	(884)	(1,455)
Less: Provision for doubtful receivables	(85,176)	(77,440)
Total long-term trade receivables, net	112,318	101,637

As of 30 June 2021, trade receivables which are denominated in TRY and foreign currency have an average maturity of ninety (90) days (31 December 2020: ninety (90) days) and they are discounted with an average annual interest rate of 2.3% (31 December 2020: 2.4%) in TRY basis.

NOTE 8 - INVENTORIES

	30 June 2021	31 December 2020
Raw materials and supplies	687,615	421,812
Work in progress	69,485	31,337
Finished goods	289,264	140,103
Other inventories and spare parts	48,920	40,906
Less: Provision for impairment of inventories	(19,248)	(3,191)
Total	1,076,036	630,967

Provision for impairment of inventories is related to other inventories and finished goods. As of 30 June 2021 and 31 December 2020 the Group has included movements in the amount of impairment in inventory to cost of goods sold.

As of 30 June 2021 and 31 December 2020 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.

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NOTE 9 - INVESTMENT PROPERTIES

	2021	2020
Net book value at 1 January	42,110	43,371
Additions	-	93,214
Current period depreciation	(630)	(1,563)
Net book value at 30 June	41,480	135,022

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, and at Zeytinburnu/İstanbul, Merkezefendi Mahallesi at city block 2953 parcel no 25. The fair value of the investment properties is TRY 95,840. (30 December 2020: TRY 168,900) according to the report received from the independent valuation institution in December 2020 and it is rented at a monthly price of TRY 164 (30 June 2020: TRY 103) (The real estate, which appeared under additions in 2020 was sold in 2021 and is reported under "non-current assets classified as held for sale" as of 31 December 2020).

Independent Units

Comprise of offices of the Company located at Gümüşsuyu and Maçka. According to the valuation report dated 31 December 2020 the fair value of the units is TRY 31,350 (30 June 2020: TRY 28,920) and it provides rent income amounting to TRY 119 (30 June 2020: TRY 118) per month.

Rent income from investment properties has been disclosed as income from investment activities and is amounting to TRY 2,748 (30 June 2020: TRY 2,044) as of 30 June 2021.

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

The movement of property plant and equipment for the six-months periods ended 30 June 2021 and 2020 are as follows:

	2021	2020
Net book value at 1 January	1,576,736	1,389,903
Additions	215,349	95,976
Current period depreciation	(59,621)	(55,721)
Currency translation differences	1,953	1,225
Disposals	(362)	(4)
Net book value at 30 June	1,734,055	1,431,379

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NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expenses for the six months ended 30 June 2021 amounting to TRY 57,430 (30 June 2020: TRY 52,005) are recognized in cost of goods sold, TRY 250 (30 June 2020: TRY 252) are recognized in research and development expenses, TRY 1,240 (30 June 2020: TRY 961) are recognized in general administrative expenses, TRY 39 (30 June 2020: TRY 11) are recognized in marketing expenses, TRY 391 (30 June 2020: TRY 252) are recognized in construction in progress as the projects which has not completed and TRY 271 (30 June 2020: TRY 2,240) are recognized in inventories.

TRY 205,537 (30 June 2020: TRY 91,914) of current period additions in property, plant and equipment derive from construction-in-progress. Carrying value of construction-in-progress is amounting to TRY 519,243 (30 June 2020: TRY 229,261) 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 2021 and 2020 are as follows:

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

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NOTE 11 - RIGHT OF USE ASSETS (Continued)

30 June 2020	Site Rents	Buildings	Vehicles	Total
Cost				
Balance at 1 January 2020	9,680	1,577	6,085	17,342
Additions	-	-	25,459	25,459
Rental condition changes	1,383	-	24	1,407
	11,063	1,577	31,568	44,208
Accumulated Depreciation				
Balance at 1 January 2020	(243)	(287)	(2,008)	(2,538)
Charge for the period	(141)	(164)	(1,770)	(2,075)
	(384)	(451)	(3,778)	(4,613)
Net book value	10,679	1,126	27,790	39,595

Depreciation expense for the six months ended 30 June 2021 amounting to TRY 3,353 (30 June 2020: TRY 1,911) are recognized in cost of goods sold, TRY 174 (30 June 2020: TRY 155) are recognized in general administrative expenses and TRY 10 (30 June 2020: TRY 9) are recognized in marketing expenses.

NOTE 12 - INTANGIBLE ASSETS

The movement of intangible assets for the six-months periods ended 30 June 2021 and 2020 are as follows:

	2021	2020
Net book value at 1 January	84,785	72,406
Additions	28,658	8,408
Current period amortization	(3,419)	(2,516)
Currency translation differences	43	43
Net book value at 30 June	110,067	78,341

Amortization expenses for the six months ended 30 June 2021 amounting to TRY 1,378 (30 June 2020: TRY 962) are recognized in cost of goods sold, TRY 1,365 (30 June 2020: TRY 882) are recognized in research and development expenses, TRY 650 (30 June 2020: TRY 648) are recognized in general administrative expenses, TRY 26 (30 June 2020: TRY 24) 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 2021	31 December 2020
Letters of credit commitments	1,061,962	818,739
Letters of guarantees given	528,913	422,128
Total	1,590,875	1,240,867

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

	30 June 2021	31 December 2020
Credit insurance limits	866,060	740,394
Mortgages received	147,153	139,552
Guarantee cheques and notes received	70,158	65,320
Share pledges	52,898	44,605
Confirmed/unconfirmed letters of credit	16,758	89,989
Limits of direct debiting system ("DDS")	13,940	9,510
Guarantee letters received	8,172	3,537
Total	1,175,139	1,092,907

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

	30 June 2021	31 December 2020
A. CPM given on behalf of the Group's legal personality	1,590,875	1,240,867
-USD	1,456,131	1,193,880
-EUR	84,205	30,086
-TRY	48,985	16,901
-Other	1,554	-
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	1,590,875	1,240,867

As of 30 June 2021 and 31 December 2020, 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 2021		31 December 2020	
	Asset	Liability	Asset	Liability
Derivatives used for hedging	1,384	141	-	63,845
Held for trading	-	-	-	2,222
Total	1,384	141	-	66,067

Derivatives used for hedging:

	30 June 2021		31 December 2020	
	Contract amount	Fair value	Contract amount	Fair value
	USD (thousand)	Asset TRY	USD (thousand)	Liability TRY
Interest rate swaps	38,225	1,384	49,671	666
Cross currency swaps	-	-	23,582	31,080
Total	38,225	1,384	73,253	31,746

	30 June 2021		31 December 2020	
	Contract amount	Fair Value	Contract amount	Fair value
	USD (thousand)	Liability TRY	EUR (thousand)	Liability TRY
Interest rate swaps	3,333	141	-	-
Cross currency swaps	-	-	15,106	32,099
Total	3,333	141	15,106	32,099

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 2021, the fixed interest rates are 0.325% and 1.13% (31 December 2020: 0.325% and 1.13%). 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.

	30 June 2021		31 December 2020	
	Contract amount (thousand)	<u>Fair value</u> Liability TRY	Contract amount (thousand)	<u>Fair value</u> Liability TRY
Foreign exchange transactions				
- USD	-	-	3,000	2,222
Total		-		<u>2,222</u>

NOTE 15 - ASSETS HELD FOR SALE

Assets held for sale summary information is as follows:

	30 June 2021	31 December 2020
Cost	-	93,214
Accumulated depreciation	-	(1,864)
Net book value	-	<u>91,350</u>

The real estate for sale, consisting of land and buildings registered in Istanbul Province, Zeytinburnu District, Merkez Efendi Mahallesi, block 2953, parcel 25, was sold for 113 million TRY including VAT and the sales profit was classified under the note "Income from investment activities".

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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 2021 and 31 December 2020 the historical, authorized and issued capital of Aksa is presented below:

	30 June 2021	31 December 2020
Limit on registered share capital	650,000	425,000
Issued share capital	323,750	323,750

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

	Share %	30 June 2021	Share %	31 December 2020
Akkök Holding	39.59	128,166	39.59	128,166
Emniyet Ticaret ve Sanayi A.Ş.	19.74	63,901	18.82	60,942
Other	40.67	131,683	41.59	134,642
	100.00	323,750	100.00	323,750
Adjustments on capital		56,469		56,469
Total share capital		380,219		380,219
Treasury shares		-		(6,666)

The Company has 32,375,000,000 shares (31 December 2020: 32,375,000,000) with a nominal value of 1 Kr (31 December 2020: 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.

Treasury shares

In accordance with the decision taken by the Board of Directors on 9 May 2018, a treasury share buyback process was initiated. As of February 18, 2021, all of the repurchased shares within the scope of the current program were sold at a price of TRY 16,00 (expressed in TRY), and a profit of TRY 10,941 was created, excluding dividends. The aforementioned amount and the total profit amounting to TRY 11,832, including the dividend paid by the Company in 2020, has been accounted for under equity.

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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 2021 and 2020 are as follows:

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Raw materials and goods	2,210,432	1,212,181	1,152,179	393,848
Employee benefit expenses	125,411	68,973	74,314	35,789
Depreciation and amortization	66,545	32,504	59,383	28,228
Consumable materials	40,571	20,664	23,191	8,664
Maintenance, repair, and cleaning expenses	24,636	13,313	13,987	6,840
Export expenses	24,370	16,060	14,254	6,161
Commission expenses	17,093	10,313	18,870	4,007
Information technologies expenses	9,097	4,956	6,766	3,675
Insurance expenses	5,912	2,904	4,248	1,978
Consultancy expenses	4,502	2,221	3,466	1,679
Other	42,291	19,991	30,689	15,272
Total	2,570,860	1,404,080	1,401,347	506,141

NOTE 18 – OTHER OPERATING INCOME/(EXPENSE)

Other operating income for the six- and three-months ended at 30 June 2021 and 2020 are as follows:

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Foreign exchange gains arising from trading activities	236,501	66,846	134,672	47,224
Interest income on credit sales	13,321	7,061	12,022	4,660
Gain on sale of scraps	4,452	1,938	1,249	489
Other	783	252	378	148
Total	255,057	76,097	148,321	52,521

Other operating expense for the six and three-months ended at 30 June 2021 and 2020 are as follows:

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Foreign exchange losses arising from trading activities	244,797	63,887	100,964	31,705
Provision for doubtful receivables	7,765	(787)	16,066	2,061
Interest expense from credit purchases	3,226	1,048	3,767	1,324
Other	491	224	1,234	951
Total	256,279	64,372	122,031	36,041

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NOTE 19 - FINANCE INCOME / COSTS

Finance income for the six- and three-months ended at 30 June 2021 and 2020 are as follows:

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Foreign exchange gains	134,354	46,464	60,959	46,818
Interest income	17,324	7,360	11,146	5,246
Total	151,678	53,824	72,105	52,064

Finance costs for the six- and three-months ended at 30 June 2021 and 2020 are as follows:

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Foreign exchange losses	163,693	72,941	209,399	110,838
Interest and commission expenses	30,155	9,890	41,287	24,433
Total	193,848	82,831	250,686	135,271

NOTE 20 - TAX ASSETS AND LIABILITIES

Tax expenses for the six- and three-months ended at 30 June 2021 and 2020 are as follows:

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Current income tax expense	(36,715)	(33,290)	(15,370)	7,774
Deferred tax (expense)/income, net	(18,454)	(19,637)	11,961	6,448
Total tax (expense)/income	(55,169)	(52,927)	(3,409)	14,222

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NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

Deferred Income Tax Assets and Liabilities

As of 30 June 2021 and 31 December 2020, 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 2021	31 December 2020	30 June 2021	31 December 2020
Deferred income	79,238	46,669	19,810	9,334
Trade receivables	71,146	82,806	14,229	16,561
Employee termination benefits	47,649	41,568	9,530	8,314
Lease liabilities	46,495	41,983	9,299	8,397
Other short-term liabilities	29,380	4,475	6,876	895
Derivative financial instruments	-	66,067	-	13,213
Deferred tax assets			59,744	56,714
Property, plant and equipment and intangible assets	(189,046)	(198,686)	(37,993)	(39,737)
Inventories	(32,711)	(34,500)	(8,178)	(6,900)
Right-of-use assets	(38,988)	(36,241)	(7,798)	(7,248)
Derivative financial instruments	(1,243)	-	(249)	-
Trade payables	(241)	(2,827)	(48)	(565)
Deferred tax liabilities			(54,266)	(54,450)
Deferred tax asset, net			5,478	2,264

Movement for the deferred income tax asset/(liabilities) for the six-months periods ended at 30 June 2021 and 2020 are as follows:

	2021	2020
1 January	2,264	(18,247)
Deferred tax expenses for the period, net	(18,454)	11,961
Recognized under the equity	21,801	3,816
Currency translation differences	(133)	(584)
30 June	5,478	(3,054)

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NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

	30 June 2021	31 December 2020
Corporation and income taxes	36,715	73,999
Prepaid taxes	(4,384)	(52,769)
Current income tax (assets)/liabilities	32,331	21,230

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 2021 and 2020 are as follows:

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Net profit attributable to the equity holders of the parent (TRY) (*) (A)	424,220,989	290,878,776	47,355,196	(17,770,507)
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)	1.31	0.90	0.15	(0.05)

(*) Amounts expressed in full Turkish Lira.

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NOTE 22 - RELATED PARTY DISCLOSURES (Continued)

a) Short-term trade receivables:

As of 30 June 2021 and 31 December 2020, trade receivables from related parties are as follows:

	30 June 2021	31 December 2020
Ak-Pa Tekstil İhracat Pazarlama A.Ş. ("Ak-Pa") (*) ⁽¹⁾	441,182	369,262
DowAksa İleri Kompozit Malzemeler San. Ltd. Şti. ("DowAksa") ⁽²⁾	39,246	20,840
Akkim Kimya San. ve Tic. A.Ş. ("Akkim") ⁽¹⁾	16,977	11,648
Other	2,762	4,237
Less: Unearned finance income on credit sales (-)	(1,412)	(1,407)
Total	498,755	404,580

(*) 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 2021 and 31 December 2020, the foreign currency denominated trade receivables have 3 months maturity on average and are discounted with annual average discount rate of 2.3% (31 December 2020: %2.4) based on USD.

b) Short-term trade payables:

As of 30 June 2021 and 31 December 2020, short-term trade payables to related parties are as follows:

	30 June 2021	31 December 2020
Ak-Pa ⁽¹⁾	35,938	17,941
Akkim ⁽¹⁾	30,744	26,752
Akgirişim Müt. Müş. Çevre Tek. San. Tic. A.Ş. ("Akgirişim") ⁽⁴⁾	9,917	2,947
Dinkal Sigorta Acenteliği A.Ş. (**) ⁽¹⁾	5,436	1,698
Yalova Kompozit ve Kimya İhtisas Organize Sanayi Bölgesi ("Yalkim OSB") ⁽⁴⁾	5,157	5,047
Aktek Bilgi İşlem Tekn. San. ve Tic. A.Ş. ⁽¹⁾	2,296	2,011
Other	95	285
Total	89,583	56,681

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

As of 30 June 2021 and 31 December 2020, 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

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NOTE 22 - RELATED PARTY DISCLOSURES (Continued)

c) Advances given:

As of 30 June 2021 and 31 December 2020, advances given to related parties are as follows:

	30 June 2021	31 December 2020
Akgirişim ⁽⁴⁾	21,774	2,419
Yalkim OSB ⁽⁴⁾	3,729	721
Total	25,503	3,140

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

d) Sales:

Sales to related parties for the six- and three-months ended at 30 June 2021 and 2020 are as follows:

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Ak-Pa ^(*) (1)	849,686	491,541	673,564	172,907
Akkim ⁽¹⁾	73,551	40,777	51,224	25,098
DowAksa ⁽²⁾	48,069	25,155	36,078	20,406
Sepaş ⁽¹⁾	9,315	4,912	9,051	3,983
Akenerji ⁽¹⁾	1,681	976	7,203	4,219
Other	3,820	1,825	2,872	1,602
Total	986,122	565,186	779,992	228,215

(*) 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

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NOTE 22 - RELATED PARTY DISCLOSURES (Continued)

f) Purchases of goods and services:

Purchases for the six-and three months ended at 30 June 2021 and 2020 are as follows:

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Akkim ⁽¹⁾	84,795	47,013	57,350	20,979
Akgirişim ⁽⁴⁾	28,766	20,578	15,983	9,473
Yalkim OSB ⁽⁴⁾	28,092	15,648	14,063	7,453
Dinkal Sigorta Acenteliği A.Ş. ^(*) (1)	14,736	752	10,761	370
Ak-Pa ⁽¹⁾	13,745	7,958	16,770	9,033
Aktek ⁽¹⁾	10,660	6,446	9,231	6,071
Other	2,643	1,603	2,682	1,558
Total	183,437	99,998	126,840	54,937

(*) 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.

g) Interest Income:

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Akiş ⁽¹⁾	2,040	1,069	2,402	1,381

The Group has purchased private sector bonds with floating interest coupon payments issued by Akiş, 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 2021 and 2020 are as follows:

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Wages and other short term employee benefits	12,046	3,393	7,994	2,067
Provision for employment termination benefits	30	15	90	51
Total	12,076	3,408	8,084	2,118

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

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NOTE 22 - RELATED PARTY DISCLOSURES (Continued)

Benefits provided to board members for the six- three-months ended at 30 June 2021 and 2020 are as follows:

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Salary and other short term employee benefits	889	500	778	424
Provision for employment termination benefits	-	-	-	-
Total	889	500	778	424

NOTE 23 - 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 23 - 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 2021		31 December 2020	
	TRY	USD	TRY	USD
	Equivalent	Equivalent(*)	Equivalent	Equivalent(*)
Assets	1,733,542	199,139	1,693,003	230,639
Liabilities	3,383,351	388,659	2,109,252	287,344
Net balance sheet position	(1,649,809)	(189,520)	(416,249)	(56,705)
Foreign currency denominated net position of derivative financial assets / (liabilities)	-	-	(287,155)	(39,119)
Net Foreign Currency Asset / (Liability) Position	(1,649,809)	(189,520)	(703,404)	(95,824)
Inventories considered under natural hedge (**)	1,027,116	117,989	590,061	80,384
Cash flow hedge (***)	774,297	88,946	757,879	103,246
Net foreign currency position after hedge	151,604	17,415	644,536	87,806

(*) 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 consist of the Group's total raw material, semi-finished and finished product stocks.

(***) As of 31 December 2020, principal amount of loans amounting to USD 57,774 thousand and EUR 26,182 thousand (hedging instruments), were matched to the amount of future highly probable sales transactions (hedged items) to apply cash flow hedge accounting (31 December 2020: USD 67,101 thousand and EUR 29,455 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 91,681 (30 June 2020: TRY 15,788) 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 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

As of 30 June 2021 and 31 December 2020, the foreign currency positions are as follows:

	30 June 2021			
	TRY equivalent	USD	EUR	Other
1. Trade Receivables	1,197,748	109,211	18,079	59,658
2a. Monetary Financial Assets (including cash and bank accounts)	423,476	39,074	7,594	4,618
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. Current Assets (1+2+3)	1,621,224	148,285	25,673	64,276
5. Trade Receivables	112,318	12,902	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	112,318	12,902	-	-
9. Total Assets (4+8)	1,733,542	161,187	25,673	64,276
10. Trade Payables	1,732,277	191,790	5,781	2,789
11. Financial Liabilities	1,154,967	124,199	7,120	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-monetary Liabilities	-	-	-	-
13. Short-Term Liabilities (10+11+12)	2,887,244	315,989	12,901	2,789
14. Trade Payables	-	-	-	-
15. Financial Liabilities	475,378	28,669	21,786	-
16 a. Other Monetary Liabilities	20,729	-	2,000	-
16 b. Other Non-monetary Liabilities	-	-	-	-
17. Long-Term Liabilities (14+15+16)	496,107	28,669	23,786	-
18. Total Liabilities (13+17)	3,383,351	344,658	36,687	2,789
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)	(1,649,809)	(183,471)	(11,014)	61,487
21. Net Foreign Currency Monetary Assets/(Liabilities) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	(1,649,809)	(183,471)	(11,014)	61,487
22. Fair Value of Financial Instruments Used for Foreign Hedge	-	-	-	-
23. Amount of Hedged Foreign Currency Assets	1,027,116	117,989	-	-
24. Amount of Hedged Foreign Currency Liabilities	774,297	57,774	26,182	-

As of 30 June 2021, the Company has TRY 151,604 (31 December 2020: TRY 644,536 foreign currency deficit, net) foreign currency surplus, net after derivative financial instruments (page 33).

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**NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

	31 December 2020			
	TRY equivalent	USD	EUR	Other
1. Trade Receivables	773,082	86,495	11,757	32,261
2a. Monetary Financial Assets (including cash and bank accounts)	818,284	72,910	30,858	5,122
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. Current Assets (1+2+3)	1,591,366	159,405	42,615	37,383
5. Trade Receivables	101,637	13,846	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	101,637	13,846	-	-
9. Total Assets (4+8)	1,693,003	173,251	42,615	37,383
10. Trade Payables	717,585	93,701	3,297	73
11. Financial Liabilities	202,685	18,784	7,194	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-monetary Liabilities	-	-	-	-
13. Short-Term Liabilities (10+11+12)	920,270	112,485	10,491	73
14. Trade Payables	-	-	-	-
15. Financial Liabilities	1,170,966	128,447	25,322	-
16 a. Other Monetary Liabilities	18,016	-	2,000	-
16 b. Other Non-monetary Liabilities	-	-	-	-
17. Long-Term Liabilities (14+15+16)	1,188,982	128,447	27,322	-
18. Total Liabilities (13+17)	2,109,252	240,932	37,813	73
19. Off Balance Sheet Derivative Items'				
Net Asset/(Liability) Position (19a-19b)	(287,155)	(20,582)	(15,106)	-
19a. Net Assets of Statement of Financial Position	22,022	3,000	-	-
19b. Net Liabilities of Statement of Financial Position	309,177	23,582	15,106	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	(703,404)	(88,263)	(10,304)	37,310
21. Net Foreign Currency Monetary Assets/(Liabilities) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	(416,249)	(67,681)	4,802	37,310
22. Fair Value of Financial Instruments Used for Foreign Hedge	(2,222)	(303)	-	-
23. Amount of Hedged Foreign Currency Assets	590,061	80,384	-	-
24. Amount of Hedged Foreign Currency Liabilities	757,879	67,101	29,455	-

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NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

As of 30 June 2021 and 31 December 2020, the analysis of the foreign currency sensitivity are as follows.

30 June 2021	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)	(159,715)	159,715	48,595	(48,595)
Amount hedged for USD risk	50,294	(50,294)	(50,294)	50,294
USD net effect	(109,421)	109,421	(1,699)	1,699
In case 10% appreciation of EUR against TRY				
EUR net asset/(liability)	(11,415)	11,415	-	-
Amount hedged for EUR risk	27,136	(27,136)	(27,136)	27,136
EUR net effect	15,721	(15,721)	(27,136)	27,136
31 December 2020	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)	(49,681)	49,681	38,853	(38,853)
Amount hedged for USD risk	34,147	(34,147)	49,256	(49,256)
USD net effect	(15,534)	15,534	88,109	(88,109)
In case 10% appreciation of EUR against TRY				
EUR net asset/(liability)	4,326	(4,326)	-	-
Amount hedged for EUR risk	12,925	(12,925)	26,532	(26,532)
EUR net effect	17,251	(17,251)	26,532	(26,532)

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**NOTE 23 - 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 2021	31 December 2020
Total monetary liabilities	3,400,981	2,663,911
Less: Cash and cash equivalents	(466,873)	(906,204)
Net debt	2,934,108	1,757,707
Total shareholders' equity	2,039,660	1,866,160
Total capital	4,973,768	3,623,867
Net debt/equity ratio	59%	49%