

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONDENSED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2023
TOGETHER WITH AUDITOR'S REVIEW REPORT**



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

**REPORT ON REVIEW OF INTERIM CONDENSED
FINANCIAL INFORMATION**

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

Introduction

1. We have reviewed the accompanying condensed statement of financial position of Aksa Akrilik Kimya Sanayii A.Ş. (the "Company") as at 30 June 2023 and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. The management of the Company is responsible for the preparation and fair presentation of this interim condensed financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed 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 interim condensed 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 financial statements. Consequently, a review on the interim condensed 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 interim condensed financial information is not prepared, in all material respects, in accordance with TAS 34.



Additional explanation for convenience translation into English

4. Turkish Financial Reporting Standards differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies by 30 June 2023. Accordingly, the accompanying condensed financial statements are not intended to present fairly the financial position and results of operations of the Group Company in accordance with IFRS.

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

A handwritten signature in blue ink, appearing to be "Sertu Tali", written over a light blue circular stamp.

Sertu Tali, SMMM
Partner

Istanbul, 8 August 2023

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONDENSED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2023**

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONDENSED STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2023 AND 31 DECEMBER 2022**

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

	Notes	30 June 2023 USD (*)	Reviewed 30 June 2023 TRY	Audited 31 December 2022 TRY(**)
Current assets		265,411	6,853,690	6,171,072
Cash and cash equivalents		50,927	1,315,085	1,577,515
Financial investments	4	1,903	49,133	144,026
Trade receivables				
- Due from third parties	7	27,013	697,563	780,016
- Due from related parties	22	57,942	1,496,233	917,788
Other receivables				
- Due from third parties		17	440	291
Derivative financial assets	14	727	18,774	11,317
Inventories	8	91,998	2,375,663	2,203,034
Prepaid expenses	9	9,780	252,543	26,341
Current income tax assets	20	-	-	101,485
Other current assets	9	25,104	648,256	375,478
Subtotal		265,411	6,853,690	6,137,291
Assets held for sale	15	-	-	33,781
Total current assets		265,411	6,853,690	6,171,072
Non-current assets		245,340	6,335,472	5,246,062
Financial investments		75	1,934	880
Trade receivables				
- Due from third parties	7	4,056	104,742	83,346
Derivative financial assets	14	580	14,977	16,975
Investment accounted for using equity method	5	55,099	1,422,827	1,000,349
Investment properties		29	756	790
Property, plant and equipment	10	125,680	3,245,444	2,815,456
Right of use assets	11	1,670	43,121	35,650
Intangible assets and goodwill				
- Goodwill		232	5,989	5,989
- Other intangible assets	12	5,994	154,796	137,399
Deferred tax assets	20	35,561	918,306	997,298
Prepaid expenses	9	16,364	422,580	151,930
Total assets		510,751	13,189,162	11,417,134

(*) 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 Turkey (“CBRT”) at 30 June 2023, and therefore do not form part of these interim condensed financial statements (Note 2.6).

(**) The company sold the shares of Aksa Egypt Acrylic Fiber Industry SAE, its subsidiary, which it had been consolidating in previous periods, on 16 March 2023. Therefore, the current period financial statements include unconsolidated results, and the previous year's statements are presented as consolidated.

This interim condensed financial statements for the period ended 30 June 2023 have been approved for issue by the Board of Directors on 8 August 2023.

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

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONDENSED STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2023 AND 31 DECEMBER 2022**

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

	Notes	30 June 2023 USD (*)	Reviewed 30 June 2023 TRY	Audited 31 December 2022 TRY(**)
Current liabilities		228,389	5,897,698	4,344,741
Current borrowings	6	63,826	1,648,181	984,467
Current portions of non-current borrowings				
- Bank loans	6	20,228	522,339	371,702
- Lease liabilities	6	834	21,535	15,363
Trade payables				
- Due to third parties		121,786	3,144,897	2,502,045
- Due to related parties	22	8,885	229,438	158,712
Payables related to employee benefits	16	1,205	31,107	18,860
Other payables				
- Other payables to third parties		19	479	6,380
Deferred income other than contract liabilities		9,282	239,700	216,815
Provision for income taxes	20	461	11,892	-
Current provisions				
- Current provisions for employee benefits		1,859	48,016	70,283
- Other current provisions		4	114	114
Non-current liabilities		53,032	1,369,426	1,332,055
Long term borrowings				
- Bank loans	6	44,787	1,156,540	1,004,423
- Lease liabilities	6	2,360	60,934	50,775
Non-current provisions				
- Non-current provisions for employee benefits		5,773	149,069	236,938
Other non-current liabilities		112	2,883	39,919
Total liabilities		281,421	7,267,124	5,676,796
EQUITY		229,330	5,922,038	5,740,338
Equity attributable to owners of parent		229,330	5,922,038	5,740,338
Paid-in capital		12,537	323,750	323,750
Inflation adjustments on capital		2,187	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		(5,458)	(140,940)	(123,188)
- Share of other comprehensive income of investments accounted for using equity method		774	19,987	3,186
- Other gains/(losses) on revaluation and remeasurement		14	354	-
Other comprehensive income/loss that will be reclassified in profit or loss				
- Currency translation differences		53,563	1,383,168	1,059,963
- Gains/(losses) on hedge		(28,566)	(737,656)	(434,331)
Restricted reserves		15,132	390,754	314,349
Retained earnings		142,643	3,683,497	1,118,102
Net profit for the period		36,504	942,655	3,422,038
Total liabilities and equity		510,751	13,189,162	11,417,134

(*) 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 2023, and therefore do not form part of these interim condensed financial statements (Note 2.6).

(**) The company sold the shares of Akxa Egypt Acrylic Fiber Industry SAE, its subsidiary, which it had been consolidating in previous periods, on 16 March 2023. Therefore, the current period financial statements include unconsolidated results, and the previous year’s statements are presented as consolidated.

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

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONDENSED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE INTERIM PERIODS ENDED
30 JUNE 2023 AND 2022**

(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
	2023	2023	2023	2022	2022
Notes	USD (*)	TRY	TRY	TRY(**)	TRY(**)
Profit or loss					
Revenue		416,292	8,268,070	4,004,619	8,278,109
Cost of sales (-)	17	(325,151)	(6,457,893)	(3,074,454)	(6,195,199)
		91,141	1,810,177	930,165	2,082,910
Gross profit (loss)					1,080,959
General administrative expenses (-)	17	(7,230)	(143,601)	(70,422)	(103,700)
Marketing expenses (-)	17	(8,690)	(172,601)	(82,617)	(139,054)
Research and development expenses (-)	17	(967)	(19,200)	(10,454)	(9,914)
Other income from operating activities	18	43,619	866,324	688,518	1,231,980
Other expense from operating activities (-)	18	(47,577)	(944,933)	(775,511)	(1,397,735)
Profit/(loss) from operating activities		70,296	1,396,166	679,679	1,664,487
Investment activity income		4,734	94,018	7,011	33,511
Share of profit (loss) from investments accounted for using equity method	5	976	19,381	4,844	(16,504)
Profit/(loss) before financing income/(expense)		76,006	1,509,565	691,534	1,681,494
Finance income	19	26,377	523,877	401,862	316,583
Finance costs (-)	19	(40,322)	(800,851)	(651,860)	(769,354)
Profit/(loss) from continuing operations, before tax		62,061	1,232,591	441,536	1,228,723
Tax (expense) / income continuing operations					
- Current period tax (expense)/income	20	(6,579)	(130,675)	33,646	(163,974)
- Deferred tax (expense)/income	20	(8,019)	(159,261)	(102,078)	(9,167)
Profit/(loss) from continuing operations		47,463	942,655	373,104	1,055,582
Attributable to:					
Owners of parent		47,463	942,655	373,104	1,055,582
Non-controlling interest		-	-	-	-
		47,463	942,655	373,104	1,055,582
Basic earnings/(loss) per share from continuing operations (Kr)	21	0.15	2.91	1.15	3.26

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(**) The company sold the shares of Aksa Egypt Acrylic Fiber Industry SAE, its subsidiary, which it had been consolidating in previous periods, on 16 March 2023. Therefore, the current period financial statements include unconsolidated results, and the previous year's statements are presented as consolidated.

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AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONDENSED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE INTERIM PERIODS ENDED
30 JUNE 2023 AND 2022**

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

	30 June 2023 USD (*)	<i>Reviewed</i> 1 January - 30 June 2023 TRY	<i>Not reviewed</i> 1 April - 30 June 2023 TRY	<i>Reviewed</i> 1 January - 30 June 2022 TRY(**)	<i>Not reviewed</i> 1 April - 30 June 2022 TRY(**)
Other comprehensive income					
Profit/(loss) from continuing operations	47,463	942,655	373,104	1,055,582	430,215
Other comprehensive income that will not be reclassified to profit or loss					
Gains/(losses) on remeasurements of defined benefit plans	(1,117)	(22,190)	(22,190)	(26,305)	(26,305)
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	846	16,801	12,360	2,343	2,552
Other gains/(losses) on revaluation and remeasurement	18	354	354	-	-
Taxes relating to components of other comprehensive income that will not be reclassified to profit or loss	223	4,438	4,438	5,261	5,261
Other comprehensive income that will be reclassified to profit or loss					
Other comprehensive income/(loss) related with cash flow hedges	(19,090)	(379,156)	(333,767)	(57,112)	69,091
Currency translation differences	19,450	386,296	361,812	199,560	126,881
Taxes relating to other comprehensive income to be reclassified to profit or loss	3,818	75,831	66,753	8,057	(18,733)
Total comprehensive income/(loss)	51,611	1,025,029	462,864	1,187,386	588,962
Attributable to:					
Owners of parent	51,611	1,025,029	462,864	1,187,386	588,962
Non-controlling interest	-	-	-	-	-
	51,611	1,025,029	462,864	1,187,386	588,962

(*) 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 2023, and therefore do not form part of these interim condensed financial statements (Note 2.6).

(**) The company sold the shares of Aksa Egypt Acrylic Fiber Industry SAE, its subsidiary, which it had been consolidating in previous periods, on 16 March 2023. Therefore, the current period financial statements include unconsolidated results, and the previous year's statements are presented as consolidated.

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

AKSA AKRİLİK KİMYA SANAYİ A.Ş.

**CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2023 AND 2022**

(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	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
Attributable to equity owners of parent												
Reviewed	Issued capital	Inflation adjustments on share capital	Gains/(losses) on hedge ⁽¹⁾	Restricted reserves appropriated from profits	Income from investments accounted for using equity method (2)	Other gains/(losses) on revaluation and remeasurement	Gains/(losses) on Exchange differences on translation (1)	Gains/(losses) on remeasurement of defined benefit plans(2)	Prior years' profits or losses	Net profit	Total	
1 January 2023	323,750	56,469	(434,331)	314,349	3,186	-	1,059,963	(123,188)	1,118,102	3,422,038	5,740,338	
Transfers	-	-	-	76,405	-	-	-	-	3,345,633	(3,422,038)	-	
Dividends paid	-	-	-	-	-	-	-	-	(780,238)	-	(780,238)	
Total comprehensive income	-	-	(303,325)	-	16,801	354	386,296	(17,752)	-	942,655	1,025,029	
Acquisition or disposal of a subsidiary (Note 15)	-	-	-	-	-	-	(63,091)	-	-	-	(63,091)	
30 June 2023	323,750	56,469	(737,656)	390,754	19,987	354	1,383,168	(140,940)	3,683,497	942,655	5,922,038	

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

(*) The company sold the shares of Aksa Egypt Acrylic Fiber Industry SAE, its subsidiary, which it had been consolidating in previous periods, on 16 March 2023. Therefore, the current period financial statements include unconsolidated results, and the previous year's statements are presented as consolidated.

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(NOTE 2.5)**

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**CONDENSED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIODS ENDED 30 JUNE 2023 AND 2022**

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

	Notes	1 January - 30 June 2023 USD (*)	Reviewed 1 January - 30 June 2023 TRY	Reviewed 1 January - 30 June 2022 TRY
A. Cash flows from (used in) operating activities		73,264	1,455,111	(44,869)
Profit/(loss)		47,462	942,655	1,055,582
Adjustments to reconcile profit/(loss):		51,687	1,026,578	563,567
- Adjustments for depreciation and amortization expense	17	7,129	141,590	103,070
- Adjustments for impairments loss (reversal of impairment loss)		727	14,447	63,969
- Adjustments for provisions		(391)	(7,768)	12,932
- Adjustments for interest (income)/expenses		1,864	37,016	(41,711)
- Adjustments for unrealised foreign exchange losses/ (gains)		32,236	640,252	279,192
- Adjustments for fair value gains (losses)	4, 14	129	2,564	(32,464)
- Adjustments for undistributed profits of investments accounted for using equity method	5	(976)	(19,381)	16,504
- Adjustments for tax (income)/expenses	20	14,598	289,936	173,141
- Adjustments for losses/ (gains) on disposal of non-current assets		(620)	(12,319)	(11,066)
- Adjustments for losses/(gains) on disposal of a subsidiary	15	(3,009)	(59,759)	-
Changes in working capital		(22,469)	(446,286)	(1,790,614)
- Adjustments for decrease/(increase) in inventories		(8,589)	(170,597)	(739,096)
- Adjustments for decrease/(increase) in trade accounts receivable		3,411	67,755	(832,257)
- Adjustments for increase/(decrease) in trade accounts payable		551	10,952	151,856
- Adjustments for increase/(decrease) in other operating payables		(295)	(5,901)	(5,218)
- Adjustments for (increase)/decrease in other operating receivables		(8)	(149)	(49)
- Other adjustments for other increase/(decrease) in working capital		(17,539)	(348,346)	(365,850)
Cash flows from (used in) operations		76,680	1,522,947	(171,465)
Interest paid		(2,936)	(58,315)	(21,370)
Interest received		2,954	58,671	45,974
Payments related with provisions for employee benefits		(7,086)	(140,727)	(3,639)
Tax returns		3,652	72,535	105,631
B. Cash flows from (used in) investing activities		(48,195)	(957,214)	(553,627)
Cash inflows from losing control of subsidiaries, or other businesses	15	1,533	30,449	-
Proceeds from sales of property, plant, equipment and intangible assets		697	13,848	16,486
Purchase of property, plant, equipment and intangible assets		(29,748)	(590,829)	(410,429)
Cash advances and loans made to other parties		(25,016)	(496,852)	(43,363)
Cash inflows from participation (profit) shares or other financial instruments		6,507	129,237	-
Cash outflows from participation (profit) shares or other financial instruments		(2,168)	(43,067)	(116,321)
C. Cash Flows From/ (Used in) Financing Activities		(38,349)	(761,644)	(1,129,129)
Proceeds from borrowings		32,442	644,331	1,707,957
Repayments of borrowings		(32,146)	(638,465)	(2,245,703)
Dividends paid		(39,285)	(780,238)	(598,938)
Payments of lease liabilities		(351)	(6,963)	(6,217)
Interest received		5,142	102,132	60,061
Interest paid		(4,151)	(82,441)	(46,289)
Net decrease in cash and cash equivalents before the effect of exchange change rates		(13,280)	(263,747)	(1,727,625)
D. Effect of exchange rate changes on cash and cash equivalents		(20,195)	-	3,223
Net increase/(decrease) in cash and cash equivalents		(33,475)	(263,747)	(1,724,402)
E. Cash and cash equivalents at the beginning of the period		84,309	1,576,427	2,835,359
Cash and cash equivalents at the end of the period		50,834	1,312,680	1,110,957

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(NOTE 2.5)**

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2023**

(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 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 2023, 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.	21.52
Other (*)	38.89
Total	100.00

(*) As of 30 June 2023, 35.33% 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 2023, the number of employees employed by the Company is 1,432 (31 December 2022: 1,407).

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

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

Main operations of the Aksa 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:

Joint ventures	Country	Nature of business
DowAksa Advanced Composites Holdings BV (“DowAksa Holdings”)	Netherlands	Investment

All shares of Aksa Egypt Acrylic Fiber Industry SAE (“Aksa Egypt”), a subsidiary of which the Company has a 99.84% capital share, were sold on 16 March 2023 for 49.917.450 Egyptian Lira (TRY30,679). As a result of this transaction, the Company has no subsidiaries.

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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(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 financial statements of the Company 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 financial statements are presented in accordance with “Announcement regarding with TAS Taxonomy” which was published on 4 October 2022 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 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 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 financial statements, POA did not make an additional announcement and no adjustment was made to these condensed financial statements in accordance with TAS 29 as of 30 June 2023.

Functional and presentation currency

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

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

2.1 Basis of preparation (Continued)

2.1.1 Financial reporting standards applied (Continued)

Amendments in Turkish Financial Reporting Standards

The accounting policies adopted in preparation of the condensed interim financial statements as of 30 June 2023 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 2023. The effects of these standards and interpretations on the Company’s financial position and performance have been disclosed in the related paragraphs.

a) Standards, amendments, and interpretations applicable as of 30 June 2023:

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. This amendment did not have a significant impact on the financial position or performance of the Company.

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. This amendment did not have a significant impact on the financial position or performance of the Company.

TFRS 17, ‘Insurance Contracts’; 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. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. This amendment did not have a significant impact on the financial position or performance of the Company.

Amendment to TAS 12 - International tax reform - pillar two model rules; The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development’s (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies. This amendment did not have a significant impact on the financial position or performance of the Company.

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

2.1 Basis of preparation (Continued)

2.1.1 Financial reporting standards applied (Continued)

b) Standards, amendments, and interpretations that are issued but not effective as of 30 June 2023:

Amendment to TFRS 16 – Leases on sale and leaseback; effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in TFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. The impact on the Company’s financial position and performance is being evaluated.

Amendment to TAS 1 – Non current liabilities with covenants; effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The impact on the Company’s financial position and performance is being evaluated.

Amendments to TAS 7 and TFRS 7 on Supplier finance arrangements; effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis. The impact on the Company’s financial position and performance is being evaluated.

TFRS S1, ‘General requirements for disclosure of sustainability-related financial information; effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain. The impact on the Company’s financial position and performance is being evaluated.

IFRS S2, ‘Climate-related disclosures’; effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities. The impact on the Company’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 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)

2.2 Changes in accounting policies, estimates and errors (Continued)

Comparatives and restatement of prior period’s financial statements

The condensed interim condensed financial statements of the Company are prepared comparatively to enable the determination of the trends of the financial position and performance. The Company presented the condensed interim statement of financial position at 30 June 2023 comparatively with the consolidated statement of financial position at 31 December 2022 the Company presented the interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period ended 30 June 2023 comparatively with the condensed consolidated interim statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six-month period ended 30 June 2022.

The company sold the shares of Aksa Egypt Acrylic Fiber Industry SAE, which it had been consolidating in previous periods, on 16 March 2023. Therefore, the interim financial statements of 30 June 2023 include non-consolidated results, and the financial statements for the previous period are presented as consolidated.

2.3 Summary of significant accounting policies

The interim condensed financial information for the period ended 30 June 2023 have been prepared in accordance with the TAS 34 “Interim Financial Reporting”. The accounting policies used in the preparation of this interim condensed financial statements for the period ended 30 June 2023 are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2022 except for the following.

In the interim periods, tax provisions are calculated taking into account the tax rates expected to be applied to the year-end financial results. Expenses that are not evenly distributed over the one-year financial period are considered in the interim financial statements only when these expenses can be appropriately estimated or deferred at the end of the financial year.

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 2023, 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 2022.

2.5 Convenience Translation into English of Condensed Financial Statements

The accounting principles described in Note 2.1 (defined as Turkish Financial Reporting Standards) to the interim condensed 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.

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

2.6 USD amounts presented in the financial statements

USD amounts shown in the 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 2023 of TRY 25.8232 = USD1 and USD amounts shown in the 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 2023 of TRY 19.8612 = USD1, and do not form part of these interim condensed financial statements.

NOTE 3 - SEGMENT REPORTING

Segmental information of the company is as follows:

Information on the operating segments for the six (6) months and last three (3) months interim accounting periods ending on 30 June 2023 and 2022 are as follows:

	1 January – 30 June 2023			Total
	Fibers	Energy	Other	
Total segment revenue	7,428,722	722,806	116,542	8,268,070
Adjusted EBITDA (*)	1,552,549	193,930	9,009	1,755,488
Unallocated corporate expenses (**)	-	-	-	(139,123)
EBITDA				1,616,365
Amortization and depreciation	(106,264)	(10,997)	(24,329)	(141,590)
Other operating income, net	-	-	-	(78,609)
Income from investment activities	-	-	-	94,018
Share of profit/(loss) of investment accounted for using equity method	19,381	-	-	19,381
Financial income/(expenses), net	-	-	-	(276,974)
Profit before tax				1,232,591

(*) 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 2023.

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

NOTE 3 - SEGMENT REPORTING (Continued)

	1 April - 30 June 2023			Total
	Fibers	Energy	Other	
Total segment revenue	3,626,507	313,157	64,955	4,004,619
Adjusted EBITDA	818,848	84,021	4,060	906,929
Unallocated corporate expenses (***)	-	-	-	(68,145)
EBITDA	-	-	-	838,784
Amortization and depreciation	(53,521)	(5,284)	(13,307)	(72,112)
Other operating income, net	-	-	-	(86,993)
Income from investment activities	-	-	-	7,011
Share of profit/(loss) of investment accounted for using equity method	4,844	-	-	4,844
Financial income / (expenses), net	-	-	-	(249,998)
Profit before tax				441,536

(***) Unallocated corporate expenses for the period between 1 April - 30 June 2023, consists of unallocated part of general administrative expenses.

	1 January – 30 June 2022			Total
	Fibers	Energy	Other	
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

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

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

NOTE 3 - SEGMENT REPORTING (Continued)

	1 April - 30 June 2022			Total
	Fibers	Energy	Other	
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.

NOTE 4 - FINANCIAL INVESTMENTS

Financial Investments Held to Maturity

	30 June 2023	31 December 2022
Currency protected deposit (*)	28,198	144,026
Time deposit (**)	20,935	-
Financial Investments-Current Assets	49,133	144,026
Mutual funds (***)	1,934	880
Financial Investments-Current Assets	1,934	880

(*) 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 21,433 (31 December 2022: TRY 129,237) and the maturity date is August 2023. Profit of TRY 6,216 arising from changes in fair value was accounted for under “Investing Activity Income” (30 June 2022: TRY 18,959).

(**) Time deposits include deposits with a maturity of more than 3 months, and the maturity date is May 2024.

(***) Mutual funds are financial investments with maturities longer than one (1) year and are accounted for at fair value.

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NOTE 5 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Joint Ventures	30 June 2023	31 December 2022
DowAksa Holdings	1,422,827	1,000,349

Summarized financial information of DowAksa Holdings is presented below:

	30 June 2023	31 December 2022
Current assets	2,630,315	2,262,494
Non-current assets	7,787,137	5,377,519
Total Assets	10,417,452	7,640,013
Short-term liabilities	3,541,302	2,401,049
Long-term liabilities	4,030,496	3,238,266
Equity	2,845,654	2,000,698
Total Liabilities	10,417,452	7,640,013
Equity corresponding to Company’s shares of 50%	1,422,827	1,000,349

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Revenue	1,813,640	956,323	1,079,852	620,715
Profit/(Loss)	38,762	9,688	(33,008)	(33,790)
Profit/(Loss) corresponding to Company’s shares of 50%	19,381	4,844	(16,504)	(16,895)

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

	2023	2022
Opening balance at 1 January	1,000,349	778,181
Net profit/(loss) corresponding to Company’s shares of 50%	19,381	(16,504)
Currency translation differences	386,296	195,643
Gains on remeasurements of defined benefit plans	16,801	2,343
30 June	1,422,827	959,663

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NOTE 6 - BORROWINGS

As of 30 June 2023 and 31 December 2022, the details of financial liabilities are as follows:

	30 June 2023	31 December 2022
Short-term bank borrowings	1,648,181	984,467
Short-term portion of long-term bank borrowings	522,339	371,702
Lease liabilities	21,535	15,363
Total short-term borrowings	2,192,055	1,371,532
Long-term bank borrowings	1,156,540	1,004,423
Lease liabilities	60,934	50,775
Total long-term borrowings	1,217,474	1,055,198
Total borrowings	3,409,529	2,426,730

<u>Bank Borrowings</u>	<u>30 June 2023</u>		<u>31 December 2022</u>	
	Annual weighted average effective interest rate (%)	TRY	Annual weighted average effective interest rate (%)	TRY

a) Short-term bank borrowings:

USD borrowings	8.97	1,319,548	9.40	502,892
TRY borrowings	-	32,367	21.00	280,381
EUR borrowings	7.00	296,266	7.00	202,760
Prepaid interest	-	-		(1,566)
Total short-term bank borrowings		1,648,181		984,467

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NOTE 6 - BORROWINGS (Continued)

	<u>30 June 2023</u>		<u>31 December 2022</u>	
	Annual weighted average effective interest rate (%)	TRY	Annual weighted average effective interest rate (%)	TRY
b) Short-term portion of long-term bank borrowings:				
EUR borrowings	5.70	274,706	3.60	192,239
USD borrowings	3.48	247,633	3.48	179,463
Lease liabilities		21,535		15,363
Total short-term portion of long-term bank borrowings		543,874		387,065
Total short-term borrowings		2,192,055		1,371,532
c) Long-term bank borrowings:				
EUR borrowings	6.98	909,766	4.86	736,391
USD borrowings	3.48	246,774	3.48	268,032
Lease liabilities		60,934		50,775
Total long-term borrowings		1,217,474		1,055,198

The Company has no breach of contract regarding borrowing.

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

	30 June 2023	31 December 2022
Less than 3 months	1,348,785	476,702
Between 3-12 months	843,270	894,830
Between 1-2 years	532,294	379,843
Between 2-3 years	662,354	625,922
Between 3-4 years	348	34,539
4 years and longer	22,478	14,894
	3,409,529	2,426,730

There are no blocked deposits for borrowings which are in scope of general loan agreement as of 30 June 2023 (31 December 2022: None).

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NOTE 6 - BORROWINGS (Continued)

The movement of financial borrowings for the six months periods ended at 30 June 2023 and 2022 are as follows:

	2023	2022
1 January	2,426,730	2,974,896
Additions	644,331	1,707,957
Principal payments	(645,428)	(2,251,920)
Change in lease liabilities	11,437	3,762
Change in interest accrual	58,380	(1,148)
Currency translation differences	914,079	375,800
30 June	3,409,529	2,809,347

The movement of lease liabilities for the six-months periods ended at 30 June 2023 and 2022 are as follows:

30 June 2023	Site Rents	Buildings	Vehicles	Total
Opening balance as of 1 January 2023	14,873	1,442	49,823	66,138
Additions	11,144	-	293	11,437
Interest expenses	3,444	178	555	4,177
Payments	(6,909)	(328)	(3,903)	(11,140)
Currency translation differences	-	-	11,857	11,857
Closing balance as of 30 June 2023	22,552	1,292	58,625	82,469
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

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NOTE 7 - TRADE RECEIVABLES

Details of trade receivables are as follows:

	30 June 2023	31 December 2022
a) Short-term trade receivables:		
Trade receivables	646,950	642,895
Notes receivable and cheques	87,407	178,236
Less: Provision for doubtful receivables	(33,567)	(32,760)
Less: Unearned finance income on credit sales	(3,227)	(8,355)
Total short-term trade receivables, net	697,563	780,016
b) Long-term trade receivables:		
Long-term trade receivables	7,153	72,668
Notes receivables and cheques	252,033	137,526
Less: Unearned finance income on credit sales	(33,021)	(16,772)
Less: Provision for doubtful receivables	(121,423)	(110,076)
Total long-term trade receivables, net	104,742	83,346

As of 30 June 2023, trade receivables which are denominated in TRY and foreign currency have an average maturity of seventy (70) days (31 December 2022: sixty (60) days) and they are discounted with an average annual interest rate of 5.1% (31 December 2022: 5.1%) in TRY basis.

The movements of the provision for doubtful trade receivables within the six (6) month interim accounting periods ending on 30 June 2023 and 2022 are as follows:

	2023	2022
1 January	142,835	130,267
Current period provisions (Note 18)	12,154	63,877
30 June	154,989	194,144

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(NOTE 2.5)**

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 8 - INVENTORIES

As of 30 June 2023 and 31 December 2022, the details of inventories are as follows:

	30 June 2023	31 December 2022
Raw materials and supplies	1,059,180	722,360
Work in progress	99,782	96,857
Finished goods	610,526	525,880
Goods in transit	509,394	784,033
Other inventories and spare parts	107,454	82,284
Less: Provision for impairment of inventories	(10,673)	(8,380)
Total	2,375,663	2,203,034

Provision for impairment of inventories is related to other inventories and finished goods. As of 30 June 2023 and 31 December 2022 the Company has included movements in the amount of impairment in inventory to cost of goods sold.

As of 30 June 2023, and 31 December 2022 the Company 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 - OTHER ASSETS AND LIABILITIES

a) Other current assets:

	30 June 2023	31 December 2022
VAT transferred	647,722	375,478
Other	534	-
	648,256	375,478

b) Prepaid Expenses-Short Term:

	30 June 2023	31 December 2022
Advances given	199,183	11,353
Prepaid expense for the following months	53,360	14,988
	252,543	26,341

c) Prepaid Expenses-Long Term:

	30 June 2023	31 December 2022
Advances given for fixed assets	415,788	147,894
Prepaid expense for the following years	6,792	4,036
	422,580	151,930

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

The movement of property plant and equipment for the six-months periods ended 30 June 2023 and 2022 are as follows:

	2023	2022
Net book value at 1 January	2,815,456	2,070,534
Additions	567,637	394,711
Current period depreciation	(136,133)	(97,641)
Transfers	-	(115)
Currency translation differences	-	679
Disposals	(1,516)	(2,629)
Net book value at 30 June	3,245,444	2,365,539

Depreciation expenses for the six months ended in current year amounting to TRY 127,300 (30 June 2022: TRY 92,348) are recognized in cost of goods sold, TRY 189 (30 June 2022: TRY 183) are recognized in research and development expenses, TRY 3,074 (30 June 2022: TRY 2,073) are recognized in general administrative expenses, TRY 91 (30 June 2022: TRY 90) are recognized in marketing expenses, TRY 524 (30 June 2022: TRY 470) are recognized in construction in progress as the projects which has not completed and TRY 4,325 (30 June 2022: TRY 2,477) are recognized in inventories.

TRY 552,815 (30 June 2022: TRY 384,681) of current period additions in property, plant and equipment derive from the investments being made in the second phase of Aksafil yarn plant, electric turbine renewal project and some auxiliary units. Net book value of construction-in-progress is amounting to TRY 563,437 (30 June 2022: TRY 380,214) 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 2023 and 2022 are as follows:

30 June 2023	Site Rents	Buildings	Vehicles	Total
Cost				
Balance at 1 January 2023	14,888	1,720	36,578	53,186
Rental condition changes	11,144	-	293	11,437
Disposals	-	(102)	(3,355)	(3,457)
	26,032	1,618	33,516	61,166
Accumulated Depreciation				
Balance at 1 January 2023	(1,223)	(271)	(16,042)	(17,536)
Charge for the period	(347)	(185)	(3,421)	(3,953)
Disposals	-	89	3,355	3,444
	(1,570)	(367)	(16,108)	(18,045)
Net book value	24,462	1,251	17,408	43,121

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

NOTE 11 - RIGHT OF USE ASSETS (Continued)

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

Depreciation expense for the six months ended in current year amounting to TRY 3,768 (30 June 2022: TRY 3,367) are recognized in cost of goods sold, TRY 175 (30 June 2022: TRY 209) are recognized in general administrative expenses and TRY 10 (30 June 2022: TRY 12) are recognized in marketing expenses.

NOTE 12 - INTANGIBLE ASSETS

The movement of intangible assets for the six-months periods ended 30 June 2023 and 2022 are as follows:

	2023	2022
Net book value at 1 January	137,399	115,722
Additions	23,716	18,327
Transfers	-	115
Current period amortization	(6,319)	(4,544)
Currency translation differences	-	15
Net book value at 30 June	154,796	129,635

Amortization expenses for the six months ended 30 June 2023 amounting to TRY 2,312 (30 June 2022: TRY 1,582) are recognized in cost of goods sold, TRY 3,409 (30 June 2022: TRY 2,365) are recognized in research and development expenses, TRY 565 (30 June 2022: TRY 575) are recognized in general administrative expenses, TRY 33 (30 June 2022: TRY 22) are recognized in marketing expenses.

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

NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

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

	30 June 2023	31 December 2022
Letters of credit commitments	2,227,631	2,042,319
Letters of guarantees given	1,358,004	1,762,866
Total	3,585,635	3,805,185

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

	30 June 2023	31 December 2022
Credit insurance limits	2,648,910	2,733,785
Mortgages received	359,561	271,850
Share pledges	156,917	113,622
Guarantee cheques and notes received	73,863	133,584
Limits of direct debiting system (“DDS”)	71,405	79,909
Confirmed/unconfirmed letters of credit	56,419	49,561
Guarantee letters received	38,615	41,263
Total	3,405,690	3,423,574

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

	30 June 2023	31 December 2022
A. CPM given on behalf of the Company’s legal personality	3,585,635	3,805,185
- USD	3,175,633	3,391,436
-EUR	310,615	308,073
-TRY	89,495	97,834
-Other	9,892	7,842
B. CPM given on behalf of fully consolidated subsidiaries	-	-
C. CPM given for continuation of its economic activities on behalf of third parties	-	-
- USD	-	-
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	3,585,635	3,805,185

As of 30 June 2023, and 31 December 2022, the ratio of other CPMs’ given by the Company (D) to equity is 0% (31 December 2022: Zero).

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

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 Company mainly consist of currency forward contracts and interest rate swap instruments.

	30 June 2023		31 December 2022	
	Asset	Liability	Asset	Liability
Derivatives used for hedging	29,953	-	28,292	-
Held for trading	3,798	-	-	-
Total	33,751	-	28,292	-

Derivatives used for hedging:

	30 June 2023		31 December 2022	
	Contract	Fair value	Contract	Fair value
	amount	Asset	amount	Liability
	USD (thousand)	TRY	USD (thousand)	TRY
Interest rate swaps	19,113	29,953	23,891	28,292

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

At the date of the derivative contract, the Company 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.

These derivative financial instruments are recognized as derivative financial instruments for hedging purposes in the financial statements, since they provide effective protection against risks for the Company 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 financial statements as profit or loss.

As of 30 June 2023, the fixed interest rates are 0.325% (31 December 2022: 0.325%). The Company’s main floating interest rates are LIBOR.

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

NOTE 14 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Derivative financial instruments held for trading:

The Company 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 financial statements, as they do not qualify for hedge accounting and changes in fair value of these financial instruments are recognized in the statement of income.

	30 June 2023		31 December 2022	
	Contract amount (thousand)	Fair value Liability TRY	Contract amount (thousand)	Fair value Liability TRY
Foreign exchange transactions				
- USD	1,000	3,798	-	-
Total	1,000	3,798	-	-

NOTE 15 - ASSETS HELD FOR SALE

Assets held for sale summary information is as follows:

	30 June 2023	31 December 2022
Aksa Egypt	-	33,781
Net book value	-	33,781

All shares of Aksa Egypt, the subsidiary of which the Company has a 99.84% shareholding, were sold on 16 March 2023 for 49,917,450 Egyptian Liras (TRY 30,679). The effect of Aksa Egypt's sale on the income statement is shown below:

Sales revenue (after sales expenses, net)	30,449
Aksa Egypt net asset (-)	(33,781)
Currency translation differences	63,091
Profit on sale of subsidiaries	59,759

Profit of sale of subsidiaries is classified under “Investment Activity Income”.

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(NOTE 2.5)**

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

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 2023 and 31 December 2022 the historical, authorized and issued capital of Aksa is presented below:

	30 June 2023	31 December 2022
Limit on registered share capital	650,000	650,000
Issued share capital	323,750	323,750

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

	Share %	30 June 2023	Share %	31 December 2022
Akkök Holding	39.59	128,166	39.59	128,166
Emniyet Ticaret ve Sanayi A.Ş.	21.52	69,655	21.44	69,425
Other	38.89	125,929	38.97	126,159
	100.00	323,750	100.00	323,750

The Company has 32,375,000,000 shares (31 December 2022: 32,375,000,000) with a nominal value of 1 Kr (31 December 2022: 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.

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 2023 and 2022 are as follows:

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Raw materials and goods	5,805,371	2,739,669	5,756,507	3,043,636
Employee benefit expenses	333,056	171,780	190,048	97,576
Depreciation and amortization	141,590	72,112	103,070	53,195
Consumable materials	111,303	53,840	87,251	46,141
Commission expenses	86,654	41,336	67,971	37,705
Maintenance, repair, and cleaning expenses	69,056	38,030	37,436	24,466
Export expenses	35,171	15,073	45,767	17,913
Information technologies expenses	24,221	11,966	12,428	6,709
Insurance expenses	23,144	12,556	12,280	6,264
Consultancy expenses	18,902	11,190	8,271	4,749
Other	144,827	70,395	126,838	66,856
Total	6,793,295	3,237,947	6,447,867	3,405,210

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NOTE 18 - OTHER OPERATING INCOME/(EXPENSE)

Other operating income for the six- and three-months ended at 30 June 2023 and 2022 are as follows:

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Foreign exchange gains arising from trading activities	786,716	626,559	1,192,754	358,788
Interest income on credit sales	58,671	47,289	27,324	25,575
Gain on sale of scraps	14,741	10,912	11,487	8,273
Provisions no longer required	2,357	2,357	-	-
Other	3,839	1,401	415	131
Total	866,324	688,518	1,231,980	392,767

Other operating expense for the six and three-months ended at 30 June 2023 and 2022 are as follows:

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Foreign exchange losses arising from trading activities	865,280	740,393	1,310,890	379,881
Interest expense from credit purchases	58,315	33,346	21,370	15,405
Provision for doubtful receivables	14,511	-	63,877	55,583
Other	6,827	1,772	1,598	1,333
Total	944,933	775,511	1,397,735	452,202

NOTE 19 - FINANCE INCOME / EXPENSE

Finance income for the six- and three-months ended at 30 June 2023 and 2022 are as follows:

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Foreign exchange gains	429,553	351,310	256,474	83,035
Interest income	94,324	50,552	60,109	31,046
Total	523,877	401,862	316,583	114,081

Finance costs for the six- and three-months ended at 30 June 2023 and 2022 are as follows:

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Foreign exchange losses	660,030	570,461	726,352	536,731
Interest and commission expenses	140,821	81,399	43,002	25,891
Total	800,851	651,860	769,354	562,622

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NOTE 20 - TAX ASSETS AND LIABILITIES

Tax expenses for the six- and three-months ended at 30 June 2023 and 2022 are as follows:

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Current income tax expense	130,675	(33,646)	163,974	57,499
Deferred tax (expense)/income, net	159,261	102,078	9,167	(27,143)
Total tax (expense)/income	289,936	68,432	173,141	30,356

A tax expense of TRY 118,643 has been incurred due to the regulation regarding the payment of 10% additional tax on the exemption and deduction amounts shown in the 2022 Corporate Tax Return and on the tax bases subject to reduced corporate tax in Article 32/A of the same Law.

Tax Advantages Obtained Under the Investment Incentive System:

The earnings of the Company from the investments that are tied to the incentive certificate are subject to corporate tax at discounted rates, starting from the accounting period in which the investment is partially or fully operated, until the investment contribution amount is reached. In this context, the Company has not reflected any amount in the financial statements as deferred tax assets, except for the expenditures within the scope of the investment incentive certificate, which it has benefited from in calculating the reduced corporate tax.

Deferred Income Tax Assets and Liabilities

As of 30 June 2023, and 31 December 2022, 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 2023	31 December 2022	30 June 2023	31 December 2022
Property, plant and equipment and intangible assets	4,153,293	4,512,626	830,658	902,525
Deferred income	239,700	216,816	47,940	43,363
Employee termination benefits	158,270	243,844	31,654	48,769
Lease liabilities	82,469	66,138	16,494	13,228
Inventories	6,354	-	1,271	-
Other short-term liabilities	55,470	35,017	11,094	7,003
Deferred tax assets			939,111	1,014,888
Right-of-use assets	(43,121)	(35,650)	(8,624)	(7,130)
Derivative financial instruments	(33,751)	(28,292)	(6,750)	(5,658)
Trade payables	(21,251)	(10,239)	(4,250)	(2,048)
Trade receivables	(5,905)	(388)	(1,181)	(78)
Inventories	-	(13,378)	-	(2,676)
Deferred tax liabilities			(20,805)	(17,590)
Deferred tax assets/(liability), net			918,306	997,298

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NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

Movement for the deferred income tax asset/(liabilities) for the six-months periods ended at 30 June 2023 and 2022 are as follows:

	2023	2022
1 January	997,298	192,080
Deferred tax expenses for the period, net	(159,261)	(9,167)
Recognized under the equity	80,269	13,318
Currency translation differences	-	571
30 June	918,306	196,802
	30 June 2023	31 December 2022
Corporate tax payable	(130,675)	(160,450)
Amount deducted from VAT receivables and prepaid taxes	118,783	261,935
Current income tax (assets)/liabilities	(11,892)	101,485

NOTE 21 - EARNINGS PER SHARE

Earnings per share disclosed in the 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 2023 and 2022 are as follows:

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Net profit attributable to the equity holders of the parent (TRY) (*) (A)	942,655,003	373,104,138	1,055,582,034	430,215,052
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)	2.91	1.15	3.26	1.33

(*) Amounts expressed in full Turkish Lira.

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NOTE 22 - RELATED PARTY TRANSACTIONS

a) Short-term trade receivables:

As of 30 June 2023, and 31 December 2022, trade receivables from related parties are as follows:

	30 June 2023	31 December 2022
Ak-Pa Tekstil İhracat Pazarlama A.Ş. (“Ak-Pa”) (*) ⁽¹⁾	1,205,052	595,089
DowAksa İleri Kompozit Malzemeler San. Ltd. Şti. (“DowAksa”) ⁽²⁾	242,569	234,346
Akkim Kimya San. ve Tic. A.Ş. (“Akkim”) ⁽¹⁾	50,367	89,195
Akgirişim Müt. Müş. Çevre Tek. San. Tic. A.Ş. (“Akgirişim”) ⁽⁴⁾	4,266	117
Yalova Kompozit ve Kimya İhtisas Organize Sanayi Bölgesi (“Yalkim OSB”) ⁽⁴⁾	1,516	2,954
Other	123	170
Less: Unearned finance income on credit sales	(7,660)	(4,083)
Total	1,496,233	917,788

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

As of 30 June 2023, and 31 December 2022, 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 2022: 5.1%) based on USD.

b) Short-term trade payables:

As of 30 June 2023, and 31 December 2022, short-term trade payables to related parties are as follows:

	30 June 2023	31 December 2022
Akkim ⁽¹⁾	100,992	78,812
Ak-Pa ⁽¹⁾	69,183	47,027
Dinkal Sigorta Acenteliği A.Ş. (**) ⁽¹⁾	40,028	4,698
Yalkim OSB ⁽⁴⁾	14,752	19,681
Akgirişim ⁽⁴⁾	2,141	2,347
Aktek Bilgi İşlem Tekn. San. ve Tic. A.Ş. ⁽¹⁾	1,282	5,500
Other	1,060	647
Total	229,438	158,712

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

As of 30 June 2023, and 31 December 2022, 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 2.5)**

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 22 - RELATED PARTY TRANSACTIONS (Continued)

c) Prepaid expenses:

As of 30 June 2023, and 31 December 2022, advances given to related parties are as follows:

	30 June 2023	31 December 2022
Akgirişim ⁽⁴⁾	196,094	-
Yalkim OSB ⁽⁴⁾	15,097	15,097
Total	211,191	15,097

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 2023 and 2022 are as follows:

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Ak-Pa ^(*) (1)	3,399,553	1,665,758	3,325,056	1,802,810
Akkim ⁽¹⁾	325,876	142,376	279,544	170,142
DowAksa ⁽²⁾	317,581	185,256	223,825	108,681
Sepaş ⁽¹⁾	-	-	56,066	25,330
Akenerji ⁽¹⁾	14,834	6,086	6,825	4,528
Other	17,514	8,265	8,703	4,745
Total	4,075,358	2,007,741	3,900,019	2,116,236

(*) Foreign sales are made through Ak-Pa, the foreign trade company of the Company, 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
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- (4) Other related parties

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NOTE 22 - RELATED PARTY TRANSACTIONS (Continued)

e) Purchases of goods and services:

Purchases for the six-and three months ended at 30 June 2023 and 2022 are as follows:

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Akkim ⁽¹⁾	261,612	130,149	189,511	94,925
Yalkim OSB ⁽⁴⁾	74,865	33,749	45,929	23,831
Dinkal Sigorta Acenteliği A.Ş. ^(*) (1)	67,292	4,838	34,309	4,070
Ak-Pa ⁽¹⁾	48,082	23,035	44,007	24,117
Akgirişim ⁽⁴⁾	33,452	33,452	35,473	5,009
Aktek ⁽¹⁾	26,112	15,722	15,629	9,604
Other	29,444	13,179	10,088	6,612
Total	540,859	254,124	374,946	168,168

(*) 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.

f) Key management compensation:

The Company 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 on 30 June 2023 and 2022 are as follows:

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Wages and other short term employee benefits	29,692	8,261	15,918	4,113
Provision for employment termination benefits	(349)	340	36	22
Total	29,343	8,601	15,954	4,135

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

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

NOTE 22 - RELATED PARTY TRANSACTIONS (Continued)

Benefits provided to board members for the six- three-months ended at 30 June 2023 and 2022 are as follows:

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Salary and other short term employee benefits	1,564	903	1,184	752
Provision for employment termination benefits	-	-	-	-
Total	1,564	903	1,184	752

NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Risk management objectives and principles

The Company’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 Company’s operations. The Company 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 Company’s financial instruments are liquidity risk, foreign currency risk and credit risk. The Company management reviews and agrees policies for managing each of the risks as summarized below.

Interest rate risk

The Company 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, Company 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.

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(NOTE 2.5)**

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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**NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

Credit risk

Ownership of financial assets brings along the risk of contractual non-performance by the counter party, defined as credit risk. The Company controls credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of the counterparties. In line with the Company policy, all customers who wish to trade on credit terms are subject to credit screening procedures and the Company 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 Company regularly evaluates the collateral values of mortgages. In addition, the receivables are constantly examined and the risk of doubtful credit / receivables of the Company 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).

Aging analysis for trade receivables

The Company has a doubtful receivable provision of TRY 154,989 (31 December 2022: TRY 142,835) on its receivables, and the aging of the overdue receivables for which no provision has been made is as follows:

Trade receivables	30 June 2023	30 June 2022
1-30 days overdue	161,858	151,048
1-3 months overdue	78,691	32,081
3-12 months overdue	21,702	2,771
More than 12 months overdue	231,926	198,366
Total	494,177	384,266
Secured with guarantees	384,172	303,276

Foreign Exchange Risk

The Company 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 Company is exposed to foreign exchange risk arising from the ownership of foreign currency denominated assets and liabilities.

**CONVENIENCE TRANSLATION INTO ENGLISH OF THE INTERIM
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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

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

Foreign currency position presented in TRY is as follows:

	30 June 2023		31 December 2022	
	TRY Equivalent	USD Equivalent(*)	TRY Equivalent	USD Equivalent(*)
Assets	3,399,647	131,651	2,386,915	127,654
Liabilities	6,598,370	255,522	4,692,343	250,950
Net balance sheet position	(3,198,723)	(123,871)	(2,305,428)	(123,296)
Foreign currency denominated net position of derivative financial assets/(liabilities)	25,823	1,000	-	-
Net Foreign Currency Asset/(Liability) Position	(3,172,900)	(122,871)	(2,305,428)	(123,296)
Inventories considered under natural hedge (**)	2,268,209	87,836	2,120,750	113,419
Cash flow hedge (***)	1,662,984	64,399	1,365,714	73,039
Net foreign currency position after hedge	758,293	29,364	1,181,036	63,162

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

(**) The Company 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 Company's total raw material, semi-finished and finished product stocks.

(***) As of 30 June 2023, principal amount of loans amounting to USD 19,113 thousand and EUR 41,537 thousand (hedging instruments), were matched to the amount of future highly probable sales transactions (hedged items) to apply cash flow hedge accounting (31 December 2022: USD 23,891 thousand and EUR 46,100 thousand). As a result of the effectiveness test performed within this scope, the Company has determined that the entire transaction is effective. As of the reporting period, amounting to TRY 379,156 (30 June 2022: TRY 57,112) 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.

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

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

As of 30 June 2023 and 31 December 2022, the foreign currency positions are as follows:

	30 June 2023			
	TRY equivalent	USD position	EUR position	Other
1. Trade Receivables	2,164,729	61,059	20,511	10,535
2a. Monetary Financial Assets (including cash and bank accounts)	1,130,176	34,428	7,090	41,523
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. Current Assets (1+2+3)	3,294,905	95,487	27,601	52,058
5. Trade Receivables	104,742	4,056	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	104,742	4,056	-	-
9. Total Assets (4+8)	3,399,647	99,543	27,601	52,058
10. Trade Payables	3,245,823	117,882	7,153	365
11. Financial Liabilities	2,157,786	60,689	20,977	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-monetary Liabilities	-	-	-	-
13. Short-Term Liabilities (10+11+12)	5,403,609	178,571	28,130	365
14. Trade Payables	-	-	-	-
15. Financial Liabilities	1,191,946	9,556	33,572	-
16 a. Other Monetary Liabilities	2,815	-	100	-
16 b. Other Non-monetary Liabilities	-	-	-	-
17. Long-Term Liabilities (14+15+16)	1,194,761	9,556	33,672	-
18. Total Liabilities (13+17)	6,598,370	188,127	61,802	365
19. Off Balance Sheet Derivative Items’ Net Asset/(Liability) Position (19a-19b)	25,823	1,000	-	-
19a. Net Assets of Statement of Financial Position	25,823	1,000	-	-
19b. Net Liabilities of Statement of Financial Position	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	(3,172,900)	(87,584)	(34,201)	51,693
21. Net Foreign Currency Monetary Assets/(Liabilities) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	(3,198,723)	(88,584)	(34,201)	51,693
22. Fair Value of Financial Instruments Used for Foreign Hedge	3,798	147	-	-
23. Amount of Hedged Foreign Currency Assets	2,268,209	87,836	-	-
24. Amount of Hedged Foreign Currency Liabilities	1,662,984	19,113	41,537	-

As of 30 June 2023, the Company has TRY 758,293 (31 December 2022: TRY 1,181,036 foreign currency deficit, net) foreign currency surplus, net after derivative financial instruments (page 35).

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

	31 December 2022			
	TRY equivalent	USD position	EUR position	Other
1. Trade Receivables	1,399,758	56,455	17,263	-
2a. Monetary Financial Assets) (including cash and bank accounts)	903,811	35,496	12,042	32
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. Current Assets (1+2+3)	2,303,569	91,951	29,305	32
5. Trade Receivables	83,346	4,457	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	83,346	4,457	-	-
9. Total Assets (4+8)	2,386,915	96,408	29,305	32
10. Trade Payables	2,524,928	127,897	6,651	880
11. Financial Liabilities	1,091,049	36,492	20,501	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-monetary Liabilities	-	-	-	-
13. Short-Term Liabilities (10+11+12)	3,615,977	164,389	27,152	880
14. Trade Payables	-	-	-	-
15. Financial Liabilities	1,036,496	14,335	38,549	-
16 a. Other Monetary Liabilities	39,870	-	2,000	-
16 b. Other Non-monetary Liabilities	-	-	-	-
17. Long-Term Liabilities (14+15+16)	1,076,366	14,335	40,549	-
18. Total Liabilities (13+17)	4,692,343	178,724	67,701	880
19. Off Balance Sheet Derivative Items’ Net Asset/(Liability) Position (19a-19b)	-	-	-	-
19a. Off balance sheet derivative asset amount	-	-	-	-
19b. Off balance sheet derivative liability amount	-	-	-	-
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	(2,305,428)	(82,316)	(38,396)	(848)
21. Monetary Net Foreign Currency Assets/(Liabilities) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	(2,305,428)	(82,316)	(38,396)	(848)
22. Fair Value of Financial Instruments Used for Foreign Hedge	-	-	-	-
23. Amount of Hedged Foreign Currency Assets	2,120,750	113,419	-	-
24. Amount of Hedged Foreign Currency Liabilities	1,365,714	23,891	46,100	-

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

As of 30 June 2023 and 31 December 2022, the analysis of the foreign currency sensitivity are as follows.

30 June 2023	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)	(228,751)	228,751	142,283	(142,283)
Amount hedged for USD risk	51,937	(51,937)	(49,355)	49,355
USD net effect	(176,814)	176,814	92,928	(92,928)
In case 10% appreciation of EUR against TRY				
EUR net asset/(liability)	(96,291)	96,291	-	-
Amount hedged for EUR risk	116,943	(116,943)	(116,943)	116,943
EUR net effect	20,652	(20,652)	(116,943)	116,943
31 December 2022	Profit/(Loss)		Equity	
	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)	(153,916)	153,916	100,035	(100,035)
Amount hedged for USD risk	44,672	(44,672)	(44,672)	44,672
USD net effect	(109,244)	109,244	55,363	(55,363)
In case of 10% appreciation of EUR against TRY				
EUR net asset/(liability)	(76,542)	76,542	-	-
Amount hedged for EUR risk	91,899	(91,899)	(91,899)	91,899
EUR net effect	15,357	(15,357)	(91,899)	91,899

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

Capital risk management

The Company’s objectives when managing capital are to safeguard the Company’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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company 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 balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the balance sheet, plus net debt.

The ratio of net debt to equity is as follows:

	30 June 2023	31 December 2022
Total monetary liabilities (*)	6,783,864	5,087,487
Less: Cash and cash equivalents	(1,315,085)	(1,577,515)
Less: Financial investments (Note 4)	(51,067)	(144,906)
Net debt	5,417,712	3,365,066
Total shareholders’ equity	5,922,038	5,740,338
Total capital	11,339,750	9,105,404
Debt/equity ratio	48%	37%

(*) Short and long-term borrowings consist of trade payables to related and non-related parties.

NOTE 24 - EVENTS AFTER THE BALANCE SHEET DATE

Published in the official newspaper dated July 15, 2023, “For the Compensation of Economic Losses Caused by the Earthquakes that Occurred on February 6, 2023, With the Imposition of Additional Motor Vehicles Tax with the Law on Amending the Laws and the Decree Law No. 375, the corporate tax rate was increased from 20% to 25%, and the new rate is effective as of the July 2023 payment period.