

**(CONVENIENCE TRANSLATION OF THE INDEPENDENT  
AUDITORS' REPORT AND CONSOLIDATED FINANCIAL  
STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

**AKSA AKRİLİK KİMYA SANAYİİ A.Ş.**

**JANUARY 1 - DECEMBER 31, 2022 CONSOLIDATED  
FINANCIAL STATEMENTS TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT**



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

**INDEPENDENT AUDITOR’S REPORT**

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

**A. Audit of the consolidated financial statements**

**1. Our opinion**

We have audited the accompanying consolidated financial statements of Aksa Akrilik Kimya Sanayii A.Ş. (the “Company”) and its subsidiary (collectively referred to as the “Group”) which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (“TFRS”).

**2. Basis for opinion**

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

**3. Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the key audit matter was addressed in the audit
<p data-bbox="261 489 735 520"><b>Recoverability of trade receivables</b></p> <p data-bbox="261 562 880 1003">Trade receivables from third parties (TRY 863,362 thousand as of 31 December 2022), constitute a significant portion of the consolidated assets of the Group. Furthermore, the assessment of the recoverability of these assets involves significant level of management estimates. Such estimation includes considering the following for each customer – the amount of guarantees / collateral held, past collection performance, creditworthiness and aging of receivables. The outcome of such estimates is very sensitive to expected future market conditions. Therefore, recoverability of trade receivables is a key matter for our audit.</p> <p data-bbox="261 1045 841 1178">Please refer to notes 2.3, 2.4, 8 and 29 to the consolidated financial statements for the Group’s disclosures on trade receivables, including the related accounting policy.</p>	<p data-bbox="883 527 1484 590">We performed the following procedures in relation to the recoverability of trade receivables:</p> <ul data-bbox="883 617 1507 1541" style="list-style-type: none"> <li data-bbox="883 617 1403 680">• Understanding the business process for collections from customers,</li> <li data-bbox="883 722 1507 785">• Comparing trade receivable turnover days to the prior period,</li> <li data-bbox="883 827 1484 959">• Inquiries with management in relation to any disputes with customers and written inquiries with the Group’s legal counsels on outstanding litigation in relation to trade receivables,</li> <li data-bbox="883 1001 1484 1127">• Testing receivables from third parties by obtaining confirmation letters from customers and distributors and reconciling them to the Group’s accounting records,</li> <li data-bbox="883 1169 1451 1232">• Testing collections in the subsequent period from selected customers,</li> <li data-bbox="883 1274 1461 1400">• Testing, on a sample basis, guarantees/collaterals and credit insurances held and assessing the Group’s ability to convert them to cash,</li> <li data-bbox="883 1442 1500 1541">• Assessing the adequacy of disclosures around recoverability of trade receivables in the notes to the consolidated financial statements.</li> </ul> <p data-bbox="883 1604 1507 1694">We had no material findings related to the recoverability of trade receivables as a result of these procedures.</p>



#### **4. Responsibilities of management and those charged with governance for the consolidated financial statements**

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### **5. Auditor's responsibilities for the audit of the consolidated financial statements**

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

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**B. Other responsibilities arising from regulatory requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code (“TCC”) No. 6102 and that causes us to believe that the Company’s bookkeeping activities concerning the period from 1 January to 31 December 2022 period are not in compliance with the TCC and provisions of the Company’s articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor’s report on the early risk identification system and committee was submitted to the Company’s Board of Directors on 15 February 2023.

**Additional explanation for convenience translation into English**

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 31 December 2022. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position and results of operations of the Group in accordance with IFRS.

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

Sertu Talı, SMMM  
Partner

Istanbul, 15 February 2023

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

**AKSA AKRİLİK KİMYA SANAYİİ A.Ş.**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AT 1 JANUARY - 31 DECEMBER 2022**

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**AKSA AKRİLİK KİMYA SANAYİİ A.Ş.**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AT 1 JANUARY - 31 DECEMBER 2022**

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

			Audited	
	Notes	31 December 2022 USD(*)	31 December 2022 TRY	31 December 2021 TRY
ASSETS				
Current assets		330,035	6,171,072	6,028,316
Cash and cash equivalents	4	84,367	1,577,515	2,835,689
Financial investments	5	7,703	144,026	-
Trade receivables				
- Due from third parties	8	41,716	780,016	686,910
- Due from related parties	28	49,084	917,788	455,902
Other receivables				
- Due from third parties	9	16	291	1,013
Derivative financial assets	18	605	11,317	4,687
Inventories	10	117,820	2,203,034	1,559,041
Prepaid expenses	17	1,409	26,341	126,669
Current income tax assets	26	5,427	101,485	3,447
Other current assets	17	20,081	375,478	352,817
Subtotal		328,228	6,137,291	6,026,175
Assets held for sale	19	1,807	33,781	2,141
Total current assets		330,035	6,171,072	6,028,316
Non-current assets		280,562	5,246,062	3,414,734
Financial investments	5	47	880	-
Trade receivables				
- Due from third parties	8	4,457	83,346	141,461
Derivative financial assets	18	908	16,975	4,162
Investment accounted for using equity method	6	53,499	1,000,349	778,181
Investment properties	11	42	790	14,856
Property, plant and equipment	13	150,573	2,815,456	2,070,534
Right of use assets	12	1,907	35,650	35,796
Intangible assets and goodwill				
- Goodwill	14	320	5,989	5,989
- Other intangible assets	14	7,348	137,399	115,722
Deferred tax assets	26	53,336	997,298	192,080
Prepaid expenses	17	8,125	151,930	55,953
Total assets		610,597	11,417,134	9,443,050

(\*) United States Dollar ("USD") amounts presented above have been translated from Turkish Lira ("TRY") for convenience purposes only, at the official TRY bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2022, and therefore do not form part of these consolidated financial statements (Note 2.5).

These consolidated financial statements at 31 December 2022 have been reviewed by the Audit Committee and approved for issue by the Board of Directors on 15 February 2023. These consolidated financial statements will be finalised after approval in the General Assembly.

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



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

**AKSA AKRİLİK KİMYA SANAYİİ A.Ş.**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AT 1 JANUARY - 31 DECEMBER 2022**

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

	Notes	31 December 2022 USD(*)	Audited	
			31 December 2022 TRY	31 December 2021 TRY
<b>Current liabilities</b>		<b>232,360</b>	<b>4,344,741</b>	<b>5,908,199</b>
Current borrowings	7	52,650	984,467	2,125,952
Current portions of non-current borrowings				
- Bank loans	7	19,879	371,702	227,640
- Lease liabilities	7	822	15,363	10,692
Trade payables				
- Due to third parties	8	133,811	2,502,045	3,068,942
- Due to related parties	28	8,488	158,712	97,593
Payables related to employee benefits	16	1,009	18,860	5,876
Other payables				
- Other payables to third parties	9	341	6,380	28,752
Deferred income other than contract liabilities	17	11,595	216,815	299,147
Current provisions				
- Current provisions for employee benefits	16	3,759	70,283	43,500
- Other current provisions	15	6	114	105
<b>Non-current liabilities</b>		<b>71,239</b>	<b>1,332,055</b>	<b>700,572</b>
Long term borrowings				
- Bank loans	7	53,717	1,004,423	565,315
- Lease liabilities	7	2,715	50,775	45,297
Non-current provisions				
- Non-current provisions for employee benefits	16	12,672	236,938	59,750
Other non-current liabilities	17	2,135	39,919	30,210
<b>Total liabilities</b>		<b>303,599</b>	<b>5,676,796</b>	<b>6,608,771</b>
<b>EQUITY</b>		<b>306,998</b>	<b>5,740,338</b>	<b>2,834,279</b>
<b>Equity attributable to owners of parent</b>		<b>306,998</b>	<b>5,740,338</b>	<b>2,834,279</b>
Paid-in capital	20	17,314	323,750	323,750
Inflation adjustments on capital		3,020	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		(6,588)	(123,188)	(30,237)
- Share of other comprehensive income of investments accounted for using equity method		170	3,186	9,585
Other comprehensive income/loss that will be reclassified in profit or loss				
- Currency translation differences		56,688	1,059,963	762,523
- Gains/(losses) on hedge		(23,228)	(434,331)	(319,200)
Restricted reserves	20	16,812	314,349	256,074
Retained earnings		59,797	1,118,102	608,107
Net profit for the period		183,013	3,422,038	1,167,208
<b>Non-controlling interests</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and equity</b>		<b>610,597</b>	<b>11,417,134</b>	<b>9,443,050</b>

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The accompanying notes form an integral part of these consolidated financial statements

**CONVENIENCE TRANSLATION INTO ENGLISH OF 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 YEARS ENDED 31 DECEMBER 2022 AND 2021**

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

Profit or loss	Notes	2022 (USD)*	Audited	
			2022	2021
Revenue	21	1,053,622	17,454,244	8,348,157
Cost of sales (-)	21, 22	(794,565)	(13,162,720)	(6,504,250)
<b>Gross profit</b>		<b>259,057</b>	<b>4,291,524</b>	<b>1,843,907</b>
General administrative expenses (-)	22	(13,891)	(230,115)	(116,506)
Marketing expenses (-)	22	(18,825)	(311,859)	(150,100)
Research and development expenses (-)	22	(1,627)	(26,947)	(14,873)
Other income from operating activities	23	98,318	1,628,736	1,068,200
Other expense from operating activities (-)	23	(108,080)	(1,790,440)	(1,384,010)
<b>Profit from operating activities</b>		<b>214,952</b>	<b>3,560,899</b>	<b>1,246,618</b>
Investment activity income	24	3,556	58,916	41,185
Share of loss from investments accounted for using equity method	6	(4,371)	(72,414)	44,863
<b>Profit before financing income/(expense)</b>		<b>214,137</b>	<b>3,547,401</b>	<b>1,332,666</b>
Finance income	25	28,456	471,395	1,026,005
Finance expense (-)	25	(72,205)	(1,196,150)	(1,226,833)
<b>Profit from continuing operations, before tax</b>		<b>170,388</b>	<b>2,822,646</b>	<b>1,131,838</b>
<b>Tax (expense)/income from continuing operations</b>				
- Current period tax expense	26	(9,686)	(160,450)	(67,490)
- Deferred tax income	26	45,868	759,842	102,860
<b>Profit from continuing operations</b>		<b>206,570</b>	<b>3,422,038</b>	<b>1,167,208</b>
<b>Attributable to:</b>				
Owners of parent		206,570	3,422,038	1,167,208
Non-controlling interests		-	-	-
		<b>206,570</b>	<b>3,422,038</b>	<b>1,167,208</b>
Basic earnings per share from continuing operations (Kr)	27	0.64	10.57	3.61

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF 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 YEARS ENDED 31 DECEMBER 2022 AND 2021**

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

Other comprehensive income	Notes	2022 (USD)*	Audited	
			2022	2021
<b>Profit from continuing operations</b>		<b>206,571</b>	<b>3,422,038</b>	<b>1,167,208</b>
<b>Other comprehensive income that will not be reclassified to profit or loss</b>				
Gains/(losses) on remeasurements of defined benefit plans	16	(7,014)	(116,190)	(19,024)
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	6	(386)	(6,399)	6,254
Taxes relating to components of other comprehensive income that will not be reclassified to profit or loss	26	1,403	23,239	3,805
<b>Other comprehensive income that will be reclassified to profit or loss</b>				
Other comprehensive (loss)/income related with cash flow hedges		(8,319)	(137,809)	(386,351)
Currency translation differences		17,955	297,440	376,613
Taxes relating to other comprehensive income to be reclassified to profit/loss	26	1,369	22,678	82,779
<b>Total comprehensive income</b>		<b>211,579</b>	<b>3,504,997</b>	<b>1,231,284</b>
<b>Attributable to:</b>				
Owners of parent		211,579	3,504,997	1,231,284
Non-controlling interests		-	-	-
		<b>211,579</b>	<b>3,504,997</b>	<b>1,231,284</b>

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**AKSA AKRİLİK KİMYA SANAYİİ A.Ş.**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021**

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

Attributable to equity holders of the parent													
	Paid-in capital	Inflation adjustments on capital	Treasury shares	Gains/(losses) on hedge(1)	Restricted reserves	Income from investments accounted for using equity method(2)	Currency translation differences	Gains/(losses) on remeasurement of defined benefit plans(2)	Retained earnings	Net profit for the period	Total	Non-controlling interests	Total equity
Audited													
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
Increase/(decrease) through treasury share transactions	-	-	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	-	-	-	(303,572)	-	6,254	376,613	(15,219)	-	1,167,208	1,231,284	-	1,231,284
31 December 2021	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
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	-	-	-	(115,131)	-	(6,399)	297,440	(92,951)	-	3,422,038	3,504,997	-	3,504,997
31 December 2022	323,750	56,469	-	(434,331)	314,349	3,186	1,059,963	(123,188)	1,118,102	3,422,038	5,740,338	-	5,740,338

(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 these consolidated financial statements.

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

**AKSA AKRİLİK KİMYA SANAYİİ A.Ş.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021**

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

	Notes	2022 (USD)*	2022	2021
<b>A. Cash Flows From/(Used in) Operating Activities</b>		<b>81,261</b>	<b>1,346,171</b>	<b>2,910,752</b>
Profit for the period		206,571	3,422,038	1,167,208
<b>Adjustments to reconcile profit/(loss):</b>		<b>(14,851)</b>	<b>(246,024)</b>	<b>1,098,699</b>
- Adjustments for depreciation and amortization expense	22	13,131	217,520	139,113
- Adjustments for impairment loss/(reversal of impairment loss)		1,059	17,536	34,230
- Adjustments for provisions		4,262	70,609	5,986
- Adjustments for interest income and expense	25	140	2,326	(2,846)
- Adjustments for unrealised foreign exchange losses/(gains)		1,132	18,760	1,112,465
- Adjustments for fair value gains/(losses)	5, 18	(2,066)	(34,232)	(74,916)
- Adjustments for undistributed profits of investments accounted for using equity method	6	4,371	72,414	(44,863)
- Adjustments for tax expense	26	(36,182)	(599,392)	(35,370)
- Adjustments for losses/(gains) on disposal of non-current assets		(698)	(11,565)	(35,100)
<b>Changes in working capital</b>		<b>(125,895)</b>	<b>(2,085,569)</b>	<b>535,869</b>
- Adjustments for (increase)/decrease in inventories		(39,025)	(646,483)	(926,992)
- Adjustments for (increase)/decrease in trade receivables		(17,407)	(288,356)	(12,387)
- Adjustments for (increase)/decrease in other operating receivables		44	722	(297)
- Adjustments for increase/(decrease) in trade payables		(32,788)	(543,162)	1,766,103
- Adjustments for increase/(decrease) in other operating payables		(1,350)	(22,372)	27,247
- Other adjustments for other increase/(decrease) in working capital		(35,369)	(585,918)	(317,805)
<b>Cash flows from/(Used in) operations</b>		<b>65,825</b>	<b>1,090,445</b>	<b>2,801,776</b>
Interest paid	23	(3,992)	(66,138)	(17,235)
Interest received	23	4,870	80,674	24,133
Payments related with provisions for employee benefits	16	(374)	(6,196)	(3,323)
Income taxes refunds		14,933	247,386	105,401
<b>B. Cash flows from/(Used in) investing activities</b>		<b>(65,735)</b>	<b>(1,088,959)</b>	<b>(550,069)</b>
Proceeds from sales of property, plant, equipment and intangible assets		1,026	16,995	129,224
Cash outflows from purchase of property, plant, equipment and intangible assets		(59,169)	(980,188)	(601,714)
Cash advances and loans made to other parties		263	4,351	(114,597)
Cash inflows from participation (profit) shares or other financial instruments		7,757	128,507	37,018
Cash outflows from participation (profit) shares or other financial instruments		(15,612)	(258,624)	-
<b>C. Cash Flows From/(Used in) Financing Activities</b>		<b>(91,393)</b>	<b>(1,514,014)</b>	<b>(460,382)</b>
Cash inflows from sale of treasury shares		-	-	18,498
Proceeds from borrowings	7	180,547	2,990,927	556,551
Repayments of borrowings	7	(237,065)	(3,927,202)	(710,889)
Dividends paid	20	(36,155)	(598,938)	(281,663)
Payments of lease liabilities	7	(464)	(7,692)	(11,665)
Interest received		7,362	121,962	46,607
Interest paid		(5,618)	(93,071)	(77,821)
<b>Net increase/(decrease) in cash and cash equivalents before effect of exchange rate changes</b>		<b>(75,867)</b>	<b>(1,256,802)</b>	<b>1,900,301</b>
<b>D. Effect of exchange rate changes on cash and cash equivalents</b>		<b>(129)</b>	<b>(2,130)</b>	<b>30,068</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(75,995)</b>	<b>(1,258,932)</b>	<b>1,930,369</b>
<b>E. Cash and cash equivalents at the beginning of the period</b>	<b>4</b>	<b>171,156</b>	<b>2,835,359</b>	<b>904,990</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>4</b>	<b>95,161</b>	<b>1,576,427</b>	<b>2,835,359</b>

(\*) USD amounts presented above have been translated from TRY for convenience purposes only, at the USD average CBRT bid rates for the period ended 31 December 2022, and therefore do not form part of these consolidated financial statements (Note 2.5).

The accompanying notes form an integral part of these consolidated financial statements

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

**AKSA AKRİLİK KİMYA SANAYİİ A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

**NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS**

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

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

Aksa is registered with the Capital Markets Board ("CMB") and its shares have been quoted in the Borsa İstanbul A.Ş. ("BİST") since 1986. As of 31 December 2022, the principal shareholders and their respective shareholding rates in the Company are as follows:

	%
Akkök Holding A.Ş. ("Akkök Holding")	39.59
Emniyet Ticaret ve Sanayi A.Ş.	21.44
Other(*)	38.97
<b>Total</b>	<b>100.00</b>

(\*) As of 31 December 2022, 35.43% 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 31 December 2022, the number of employees employed by the Company is 1,407 (31 December 2021: 1,338).

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

Merkez Mahallesi Ali Raif Dinçkök Cad. No:2  
PK 114 77602 Taşköprü 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 (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 (Note 3):

<b>Subsidiary</b>	<b>Country</b>	<b>Nature of business</b>	<b>Segment</b>
Aksa Egypt Acrylic Fiber Industry SAE ("Aksa Egypt") (Note 19)	Egypt	Textile	Fibers
<b>Joint ventures</b>	<b>Country</b>	<b>Nature of business</b>	
DowAksa Advanced Composites Holdings B.V. ("DowAksa Holdings")	Netherlands		Investment

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

**AKSA AKRİLİK KİMYA SANAYİİ A.Ş.**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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

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### **NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

#### **2.1 Basis of preparation**

##### **2.1.1 Financial reporting standards applied**

The consolidated financial statements of the Group have been prepared in accordance with the Turkish Financial Reporting Standards ("TFRS") and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") in line with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board of Turkey ("CMB") on 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 consolidated financial statements are presented in accordance with "Announcement regarding with TAS Taxonomy" which was published on 15 April 2019 by POA and the format and mandatory information recommended by CMB.

The Company maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These 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 which are carried at fair value and in the case of business combinations, revaluation resulting from the difference between the fair value and the carrying value of tangible and intangible assets.

Public Oversight Accounting and Auditing Standards Authority ("POA") made an announcement on 20 January 2022 about Application of Financial Reporting in Hyperinflationary Economies for Turkish Financial Reporting Standards and Reporting Standards for Large and Medium Sized Entities. In accordance with the announcement, companies that apply TFRS should not adjust financial statements for TAS 29 - Financial Reporting in Hyperinflationary Economies for the year 2021. As of the preparation date of this consolidated financial statements, POA did not make an additional announcement and no adjustment was made to these consolidated financial statements in accordance with TAS 29 as of 31 December 2022.

#### **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.

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

**AKSA AKRİLİK KİMYA SANAYİİ A.Ş.**

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

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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 consolidated financial statements as at 31 December 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and its interpretations effective as of 1 January 2022. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

***a) Standards, amendments and interpretations applicable as at 31 December 2022:***

**Amendment to TFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);**

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to TFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. This change has no material impact on the financial position and performance of the Group.

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



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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 at 31 December 2022*

**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 effects on the financial position and performance of the Group are being evaluated and no significant impact is expected.

**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.

**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 Group'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 Group's financial position and performance is being evaluated.

**TFRS 17, 'Insurance Contracts', as amended in December 2021;**

Effective from annual periods beginning on or after 1 January 2023. This standard replaces TFRS 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. The impact on the Group's financial position and performance is being evaluated.

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

**AKSA AKRİLİK KİMYA SANAYİİ A.Ş.**

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

**2.1 Basis of preparation (Continued)**

**2.1.2 Basis of Consolidation**

- a) The consolidated financial statements include the accounts of the parent company, Aksa, and its subsidiaries on the basis set out in sections (b). The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with TAS by applying uniform accounting policies and presentation. The results of operations of subsidiaries are included or excluded from their effective dates of acquisition or disposal respectively.
- b) Subsidiaries are businesses controlled by Aksa. Control is provided only on the business that Aksa invests in, and only when all of the following indicators are present:
- Power over the investee,
  - Exposure or rights, to variable returns from involvement with the investee; and,
  - The ability to use power over the investee to affect the amount of the investor's returns.

The table below demonstrates subsidiaries and ownership rates as of 31 December 2022 and 2021:

<u><b>Subsidiary</b></u>	<u><b>The Group's direct and indirect ownership interest (%)</b></u>	
	<u><b>31 December 2022</b></u>	<u><b>31 December 2021</b></u>
Aksa Egypt	99.84	99.84

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are deconsolidated from the date that the control ceases. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Carrying values of the subsidiaries' shares held by the Company are eliminated against the related equity of subsidiaries. Intercompany transactions and balances between Aksa and its subsidiaries are eliminated on consolidation. Dividends arising from shares held by the Group in its subsidiaries are eliminated from income for the period and equity, respectively.

The minority shareholders' share in the net assets and results of subsidiaries for the period are separately classified as "non-controlling interests" in the consolidated statements of financial position and profit or loss and other comprehensive income.

Aksa Egypt's net assets are classified under "Assets held for sale", as there is negotiation with potential buyers regarding sale of Aksa Egypt shares and signing a share transfer agreement.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED  
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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.1 Basis of preparation (Continued)**

**2.1.2 Basis of Consolidation (Continued)**

c) Joint ventures

Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Group and one or more other parties. The Group exercises such joint control through direct and indirect ownership interest held by itself and related shareholders majority of who declared their intention to exercise their voting power in favor of Company.

Joint ventures are accounted for using the equity method of accounting in accordance with TFRS 11 "Joint Arrangements" (Note 6).

Financial information of joint ventures is prepared in accordance with the Group's accounting policies and principles.

Joint venture's operating results are included or excluded at the effective date of transaction dates of acquisition or disposal of the joint venture.

<u><b>Subsidiary</b></u>	<u><b>The Group's direct and indirect ownership interest (%)</b></u>	
	<u><b>31 December 2022</b></u>	<u><b>31 December 2021</b></u>
DowAksa Holdings	50.00	50.00

**2.2 Changes in Accounting Policies, Accounting Estimates and Errors**

In case of changes and errors in accounting policies and accounting estimates, important changes made and significant accounting errors detected are applied retrospectively and the previous period financial statements are restated. If the changes in accounting estimates are for only one period, they are applied both in the current period when the change is made and both in the future when the change is made and in the future.

**Comparative Figures and the Restatement to the Financial Statements of the Prior Period**

In accordance with the decision taken at the CMB meeting dated June 7, 2013 and numbered 20/670, examples of financial statements that entered into force as of the interim periods ending after 31 March 2014, and the usage guide have been published. In accordance with the mentioned examples, various classifications can be made in the consolidated financial statements of the Group.

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

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

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

**2.3 Summary of Significant Accounting Policies**

**Cash and cash equivalents**

Cash and cash equivalents include cash and bank deposits and short-term investments with high liquidity, the amount of which can be easily converted into cash, with a minimal risk of change in value and with maturity of three months or less (Note 4).

**Financial Assets**

The Group classifies its financial assets in three classes of financial assets: at fair value through profit or loss, at amortized cost and at fair value through other comprehensive income. The classification is based on the business model used by the entity for the management of financial assets and the contractual cash flows of the financial asset. The Group classifies its financial assets at the time of the purchase.

“Financial assets measured at amortized cost” are non-derivative financial assets held by a business model that aims to collect contractual cash flows and that have cash flows that include interest payments on principal dates and principal balances on certain dates under contractual terms. The Group's financial assets that are accounted for at amortized cost include “cash and cash equivalents”, “trade receivables” and “other receivables”. The related assets, with their fair values in the initial recognition of financial statements; in subsequent accounts, it is measured at amortized cost using the effective interest rate method. Gains and losses resulting from the valuation of non-derivative financial assets measured at amortized cost are recognized in the consolidated statement of profit or loss.

“Financial assets measured at fair value through profit or loss”, are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income. Financial assets measured at fair value through profit or loss include currency protected deposits and venture capital funds in the statement of financial position.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

**Trade receivables**

Trade receivables are recognized at original invoice amount and carried at amortized cost less an allowance for any uncollectible amounts. An estimate for doubtful debt is made when collection of the full amount is no longer probable. A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The allowance is an estimated amount which is difference between existing receivable and collectible amount. Collectible amount is the discounted value of trade receivables, all cash flows including collections from guarantees by using original effective interest rate. The receivables determined not possible to be collected are written off (Note 8). The Group calculates rediscount on its receivables over short term receivables less than one year.

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

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

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

**2.3 Summary of Significant Accounting Policies (Continued)**

In addition, the Group uses the provisioning matrix by selecting the simplified application for the impairment calculations of the trade receivables accounted at amortized cost value in the financial statements. With this application, in cases where the trade receivables are not impaired due to certain reasons, the expected credit loss provision is measured by an amount equal to the expected credit losses. In the calculation of the expected credit losses, the Group's future estimates are taken into consideration along with past loan loss experiences.

**Finance Lease**

*As lessor*

Leasing is classified as a financial lease, where most of the risks and gains of the property belong to the tenant and the right to purchase at the end of maturity is given to the lessee. The asset subject to financial leasing is shown as a net receivable equal to the investment subject to this transaction. Interest income is determined by calculating the present value of the total value of the lease payments and the unsecured residual value by calculating the discount rate that equals the fair value of the economic asset subject to lease, and the part not accrued in the relevant period is monitored in the unearned interest income account.

**Lease Liabilities**

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

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

- (a) Fixed payments,
- (b) Variable rental payments based on an index or rate, made using an index or rate at the date when the first measurement was actually started,
- (c) Amounts expected to be paid by the Group within the scope of residual value commitments
- (d) The price of use of this option if the Group is reasonably sure that it will use the purchase option and
- (e) If the rental period indicates that the Group will use an option to terminate the lease, penalties for termination of the lease.

Variable lease payments that do not depend on an index or rate are recorded as expenses in the period when the event or condition that triggered the payment occurred.

In case the revised discount rate and the implicit interest rate in the lease can be easily determined for the remainder of the group lease period, this rate is; If it cannot be determined easily, it determines the alternative borrowing interest rate on the date of the Group's re-evaluation.

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

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

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

**2.3 Summary of Significant Accounting Policies (Continued)**

The group measures the lease obligation after the lease actually starts as follows:

- (a) Increases the carrying amount to reflect the interest on the lease obligation and
- (b) Reduces the carrying value to reflect the rent payments made.

In addition, if there is a change in lease duration, a change in substance of fixed lease payments or a change in the assessment of the option to purchase an underlying asset, the value of financial lease liabilities is re-measured.

*Short-term leases and low-value leases*

The Group applies its short-term lease registration exemption to short term machinery and equipment lease contracts (i.e. assets with a lease period of 12 months or less from the start date and without a purchase option). At the same time, it applies the exemption of accounting for low-value assets to office equipment, the rental value of which is considered to be low-value. Short term lease contracts and lease contracts of low value assets are recorded as expense according to the linear method during the lease period.

**Right-of-use assets**

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

The cost of the right-of-use asset includes:

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

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

Right-of-use assets are subject to impairment assessment.

**Trade payables**

Trade payables have average maturities changing between 30 - 180 days and consist of the amounts invoiced or not invoiced related with the realized material or service purchases and are carried at amortized cost (Note 8).

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

**AKSA AKRİLİK KİMYA SANAYİİ A.Ş.**

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

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

**2.3 Summary of Significant Accounting Policies (Continued)**

**Inventories**

Inventories are valued at the lower of the net realizable value or cost value. The cost determination method is the monthly weighted average for all inventories, and work-in-process and finished goods take a share from the production costs. Net realizable value less costs to sell is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. Unusable inventories are removed from the records (Note 10).

*Other inventory and spare parts*

Other inventories and spare parts include all purchasing costs and other costs incurred in bringing spare parts to their current condition and location. The company evaluates its spare parts and materials according to the weighted average cost method and allocates a provision for impairment for spare parts and materials that are not used within the expected useful life and are not expected to be used in the near future.

**Investment properties**

Instead of being used in the production of goods and services or being sold for administrative purposes or during the normal course of business, the land and buildings held for the purpose of obtaining rent and/or capital gain or both are classified as investment properties and according to the cost method, the cost is minus accumulated depreciation values. (Note 11). The cost of an investment property bought consists of the purchase price and expenses that can be directly associated with this transaction. The average useful life of investment properties changes between ten (10) and fifty (50) years.

**Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their costs and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable taxes consist of charges to make the tangible asset available

Depreciation is provided for property, plant and equipment on a straight-line basis (Note 13). Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset. As of 31 December 2022, the depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	<b>Period (Year)</b>
Land improvements	2 - 50
Buildings	5 - 50
Machinery and equipment	3 - 40
Motor vehicles	4 - 8
Furniture and fixtures	2 - 20

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED  
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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.3 Summary of Significant Accounting Policies (Continued)**

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the event of circumstances indicating that impairment has occurred in the tangible assets, an inspection is performed for the purpose of determining a possible impairment, and if the registered value of the tangible asset is higher than its recoverable value, the registered value is reduced to its recoverable value by recording a provision. The recoverable value is considered either the net cash flow to be caused by the current use of the respective assets or the net sales price, whichever is higher.

Profit and loss resulting from the sale of fixed assets is determined as the difference between the amounts collected or to be collected and asset's carrying value reflected in the relevant profit or loss account in the current period.

Repairs and maintenance are charged to the income statements during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset.

**Intangible assets**

Intangible assets are recorded at their acquisition costs. Except for the expenses incurred for the development of new vehicles that are planned to be produced within the Group, intangible assets cannot be capitalized and expenditures incurred during the period they occur. Intangible assets are amortized using the straight-line method based on their estimated useful lives. The activated development expenses are amortized by the straight-line method in line with the estimated useful life of the product after the commencement of commercial production. Intangible assets; the values they carry are reviewed in case the changes in the conditions and the events show that the carried value may decrease, and the required provision is set (Note 14).

Payments made in relation the Group's share of assets in Yalova Kompozit ve Kimya İhtisas Islah Organize Sanayi Bölgesi ("Yalkim OSB") are recorded under intangible assets.

Useful lives of use rights are determined as 3 - 24 years excluding land use fees.

*Research and development costs*

Research expenses are recorded on the date they occur. Apart from the project expenditures with the below mentioned criteria, expenditures for development are recorded as expense in the period they occur. Costs of development projects that meet the criteria mentioned below are accepted as development costs within the scope of TAS 38 "Intangible Assets" standard, they are capitalized and amortized by the straight-line method in accordance with the project life (Note 14).

- The product or process is clearly defined and costs are separately identified and measured reliably,
- The technical feasibility of the product is demonstrated,
- The product or process will be sold or used in-company,
- A potential market exists for the product or its usefulness in case of internal use is demonstrated, and
- Adequate technical, financial and other resources required for completion of the project are available.



**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED  
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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.3 Summary of Significant Accounting Policies (Continued)**

**Assets held for sale and related liabilities**

Assets or liabilities held for sale refer to the main business field/activities/asset groups that are planned to be disposed of under a coordinated plan of management.

Fixed assets are classified as held for sale in cases where they will be recovered as a result of the sales transaction. Liabilities directly associated with these assets are grouped similarly.

Fixed assets or groups of assets those meet the classification criteria for sale are measured with the lower of the value found by deducting the sales costs from their fair value and the cost value. These assets are not subjected to depreciation or amortisation.

**Revenue recognition**

In accordance with TFRS 15 “Revenue from Customer Contracts Standard”, which entered into force as of 1 January 2018, the Group records revenue in its financial statements in line with the following basic principles:

- Identification of contracts with customers
- Identification of performance obligations in contracts
- Determination of the transaction price in contracts
- Distribution of transaction fee to performance obligations
- Revenue recognition

Revenue related to performance obligations, such as goods or service transfer commitments, is recognized when customers are in control of the goods or services.

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

- a) ownership of the company's right to collect goods or services,
- b) the ownership of the legal property of the customer,
- c) transfer of possession of goods or services
- d) ownership of significant risks and rewards arising from ownership of the goods or services
- e) consider the terms of the customer's acceptance of the goods or service

The Group generate their major revenue from fiber and energy sales.

*Income from sale of fibers*

Revenue is recognized in the financial statements when the significant risks and rights of ownership of the goods or energy have transferred to the buyer. Revenue is calculated by deducting any discounts. Net sales are the invoiced value of the delivered goods less sales returns and discounts.

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

**2.3 Summary of Significant Accounting Policies (Continued)**

*Income from sale of energy*

The electricity sold is transmitted to the customer over transmission lines and the customer simultaneously consumes the benefit derived from the performance of the Group. Revenue from electricity sales is recognized at the time of delivery.

*Interest income*

Interest income is calculated on accrual basis by taking into consideration the effective interest rate and the effective interest rate within the remaining period to maturity.

If there is a significant financing element in revenue, the revenue value is determined by discounting the future collections with the interest rate included in the financing element. The difference is recognized in the related periods as other income from the operating activities on accrual basis (Note 23).

The Group has accrued discount premiums in line with the fibers customers' purchase targets to be paid at the end of each quarter. In the current period, the Group has classified the discount premiums under "other discount" account in sales.

**Cash flow hedge accounting**

There is an effective cash flow protection relationship between the Company's foreign currency denominated long-term loans (non-derivative hedging instrument) and its likely future sales (hedged item).

In this context, the Company has defined its likely sales to be realized as "hedged item" within the scope of its policy of managing cash flows arising from exchange rate risk, by matching these sales with its long-term financial debts defined as "non-derivative hedging instrument" and started hedge accounting. In the context of this accounting, the discounted spot component of the long-term loans' principal payments (proportionate to effectiveness) foreign exchange losses/gains, which are defined as hedging instruments in a calendar period in accordance with the foreseeable budgets, is to be booked under Reserve of gains or losses on hedge in the Other Comprehensive Income Statement until the related sales are realized. When the sales are realized, the related foreign exchange gain/loss accumulated in the reserve is accounted under "foreign exchange income/expenses" in the income statement.

**Bank borrowings**

All bank loans are recorded over their fair values with reduced transaction costs. In the following periods, the effective interest rate method is valued at its discounted prices and the difference between the amount remaining after the transaction costs is deducted and the discounted cost value is reflected in the comprehensive income statement as financing cost during the loan period (Note 7). In case of need, the Group also performs early collection transactions in factoring practices against the cost of the receivable. This is an application parallel to the risk management practice in the form of recourse. Related amount is classified in financial liabilities and included in note explanations (Note 7).

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED  
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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.3 Summary of Significant Accounting Policies (Continued)**

**Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. Without this context, the borrowing costs are expensed as occurred. Capitalized borrowing costs are presented as purchases of property, plant and equipment and intangibles in the consolidated statement of cash flow.

**Fair value of financial instruments**

Fair (market) value is the amount for which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists. The fair values of the financial instruments are determined in accordance with the following methods and assumptions as follows:

*Financial assets*

Monetary assets for which fair value approximates carrying value are carried at cost in the financial statements and consists of cash and cash equivalents, their interest accruals, and other financial assets; and considered to approximate their respective carrying values due to their short-term nature and negligible credit losses. It is considered that the carrying values of the trade receivables after the rediscount and doubtful receivables provision are deducted are close to their fair values.

*Financial liabilities*

Monetary liabilities for which fair value approximates carrying value including accounts payable, short-term bank borrowings and other monetary liabilities are considered approximate their respective carrying values due to their short-term nature. The bank borrowings are stated at their amortized costs and transaction costs are included in the initial measurement of bank borrowings. It is considered that the fair values of loans denote the value they carry, since the interest rates are updated by considering the changing market conditions. The fair values of the trade payables after deducting the provision for rediscount are considered to approximate the carrying value.

**Employment termination benefits**

The provision for employment termination benefits, as required by Turkish Labor Law represents the present value of the future probable obligation of the group arising from the retirement of its employees based on the actuarial projections. TAS 19 "Employee Benefits" requires actuarial assumptions (net discount rate, turnover rate to estimate the probability of retirement etc.) to estimate the entity's obligation for employment termination benefits. The effects of differences between the actuarial assumptions and actual outcome together with the effects of changes in actuarial assumptions compose the actuarial gains/losses.

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

**2.3 Summary of Significant Accounting Policies (Continued)**

In accordance with TAS 19 "Employee Benefits" effective before 1 January 2013, the actuarial gains/losses were recognised in the statement of income whereas the amendment, effective as of 1 January 2013, requires the actuarial gains/losses to be recognised under other comprehensive income. With this amendment, the Group accounted for its actuarial gains/losses under other comprehensive income in conformity with the translation provisions stated in TAS 19 "Employee Benefits".

*Unused vacation rights*

Liabilities arising from unused vacation rights are accrued in the periods in which they are entitled.

**Current and deferred income tax**

Tax expense or income is the aggregate of current income tax and deferred taxes which are based on the gains and losses for the period.

Deferred income tax is determined, using the liability method and tax rates (and laws) that have been enacted by the balance sheet date. Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Deferred taxes arising from income and expenses accounted under equity are recorded under equity, accordingly.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled (based on tax rates that have been enacted or substantively enacted at the balance sheet date). The carrying amount of deferred income tax assets is reviewed by the Group at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized (Note 26).

**Earnings per share**

Earnings per share disclosed in the income statement are determined by dividing net income by the weighted average number of shares that have been outstanding during the related period concerned (Note 27).

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the year in which they were issued and for each earlier period.

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

**2.3 Summary of Significant Accounting Policies (Continued)**

**Events after the balance sheet date**

The Group adjusts the amounts recognized in its financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements.

**Provisions**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate (Note 15).

**Contingent assets and liabilities**

Probable obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in financial statements and are treated as contingent liabilities. A contingent asset is not recognized in the financial statements, but disclosed when an inflow of economic benefits is probable (Note 15).

**Offsetting**

The financial assets and liabilities are reported on the balance sheet at the net amount if they have the same right and nature and will be paid or collected in net.

**Foreign currency transactions**

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated using the exchange rates at the balance sheet date. Foreign exchange gains and losses resulting from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of income.

**Goodwill**

The cost of a business combination is allocated by recognizing the acquiree's identifiable assets at the date of acquisition. Any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, over the business combination cost is accounted for as goodwill.

The carrying value of goodwill is reviewed annually and presented after deducting cumulative impairment in the balance sheet. Goodwill is monitored at the cash generating business units. The cash generating unit is determined according to expected benefits from related business combination. The Group performs goodwill impairment tests on December 31st of each year. Any impairment is not subsequently reversed. Gains/losses from the sale of business unit also include its carrying value of goodwill.

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

**2.3 Summary of Significant Accounting Policies (Continued)**

**Segment reporting**

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The Board of Directors has been determined as the competent authority to make decisions regarding the activities of the Company.

For an operating segment to be identified as a reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments; the absolute amount of its reported profit or loss is 10 per cent or more of the combined profit or loss or its assets are 10 per cent or more of the combined assets of all operating segments. Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

For at the Group the reportable segments are industrial segments. Reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments; the absolute amount of its reported profit or loss is 10 per cent or more of the combined profit or loss or its assets are 10 per cent or more of the combined assets of all operating segments (Note 3).

The Group assesses the performance of the operating segments based on a measure of adjusted Earnings Before Interest, Tax, Depreciation and Amortization, "EBITDA".

The Group's reportable business segments are "fibers", "energy" and the remained operations are reported as "other". Aksa Egypt and DowAksa Holdings are reported under "fibers" segment (Note 6).

The support functions of industrial segments namely Financial Affairs, Human Resources and Management of Systems, Purchasing, Business Development, Head Office Expenses and other general administrative and operating expenses are classified under unallocated corporate expenses. Unallocated corporate expenses are followed at the Group level by management as the expenses are made to ensure the integrity of the Group by the management.

**Derivative instruments**

Derivative instruments are initially recognized at the acquisition cost reflecting the fair value on the date of the contract and are valued at their fair value in the following periods. The Group's derivative financial instruments mainly consist of forward foreign exchange contracts and interest rate swap transactions. While the derivative instruments provide effective protection against risks for the community economically, they are recognized as derivatives held for trading in consolidated financial statements where they do not meet the requirements for risk accounting and the fair value changes are reflected in the statement of profit or loss.

In addition, the Group's foreign currency purchase and sale transactions are accounted for as derivative financial instruments held for trading in consolidated financial statements due to the fact that they do not meet the requirements for risk accounting and the changes in the fair value of these derivative financial instruments are associated with the income statement.

If the fair value change of derivate financial instruments is positive or not, the change affected at assets or liabilities in the balance sheet (Note 18).

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

**2.3 Summary of Significant Accounting Policies (Continued)**

**Related parties**

Parties are considered related to the Group if:

- a) Directly, or indirectly through one or more intermediaries, the party:
  - i) Controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
  - ii) Has an interest in the Group that gives it significant influence over the Group.
- Has joint control over the Group;
- b) The party is an associate of the Group;
- c) The party is a joint venture in which the Group is a venture;
- d) The party is member of the key management personnel of the Group or its parent;
- e) The party is a close member of the family of any individual referred to in (a) or (d);
- f) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- g) The party has a post-employment benefit plan for the benefit of employees of the Group, or of an entity that is a related party of the Group.

Related party transactions are transfer of resources or obligations between related parties, regardless of whether a price is charged. A number of transactions are entered into with related parties in the ordinary course of business (Note 28).

**Reporting of cash flow**

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows of the Group operating activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (capital expenditure and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Cash and cash equivalents comprise cash on hand and bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three (3) months and which are subject to an insignificant risk of changes in value (Note 4).

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

**2.3 Summary of Significant Accounting Policies (Continued)**

**Government grants**

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Government incentives that allow for the payment of discounted corporation tax within the scope of investment reduction exemption are evaluated within the scope of TAS 12 – “Income Tax” standard. The Company has used an incentive certificate within the scope of textile and chemical modernization in the current year. In this scope, the Group has benefited from reduced corporate tax, customs tax exemptions and VAT exemptions.

**2.4 Critical Accounting Judgments, 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. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities for the next reporting period are outlined below:

**a) Provisions**

As discussed in Note 2.3, provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when reliable estimate can be made of the amount of the obligation (Note 15).

The Group makes various assumptions such as discount rate, inflation rate, real salary increase rate, and the possibility of leaving voluntarily in the calculation of severance pay liability. The effect arising from the changes in the current period in these assumptions has been recognized in the income statement in the current period. Assumptions used in calculating the liability are detailed in Note 16.

The doubtful receivables reflect the amounts that the Group management believes will cover the future losses of the receivables that exist as of the balance sheet date but which have the risk of not being collected within the framework of the current economic conditions. Regarding the receivables which have been the subject of the lawsuit, the Group management also evaluates the opinions of the legal counselors. While evaluating whether the receivables are impaired or not, the past performances of the borrowers other than the related institution and key customers, their credibility in the market and their performance from the balance sheet date to the approval date of the financial statements and the conditions under discussion are also taken into consideration. In addition, while determining the provision amount, besides the guarantees obtained as of the balance sheet date, collaterals acquired during the period until the approval date of the financial statements are also taken into consideration.



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

**2.4 Critical Accounting Judgments, Estimates and Assumptions (Continued)**

Regarding inventory impairment, inventories are physically analysed, their availability is determined in line with the opinions of technical staff, and a provision is set for items that are not likely to be used. List sales prices are also used to determine the net realizable value of inventories and estimates are made for the sales expenses to be incurred. As a result of these studies, a provision is made for inventories with a net realizable value below the cost value.

***b) Useful lives of property, plants and equipment and intangibles***

According to accounting policy, which is specified in Note 2.3, property, plant and equipment and intangibles are presented as net-off accumulated depreciation and impairment (if any) from acquisition cost. Depreciation is applied with using straight line method of depreciation based on useful lives of property, plant and equipment. Useful lives are estimated by the management to the best of their knowledge; and reviewed and revised if necessary at every balance sheet date.

***c) Deferred tax assets and liabilities***

Deferred tax assets and liabilities are recorded using tax rates that are largely used for temporary differences between the carrying values and bases of assets and liabilities. Based on the existing evidence, it has been evaluated that all or some of the deferred tax assets are likely to be converted into cash or not. Among the main factors considered, future income potential, losses accumulated from previous years, tax planning strategies to be implemented, if necessary, the assumption that all of the Group's expenditures within the scope of investment incentive documents will be accepted in the incentive certificate closing approval. Also, the income nature is included in the incentive certificate.

**2.5 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 31 December 2022 of TRY 18.6983 = USD 1 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 period ended 31 December 2022 of TRY 16.5659 = USD 1, and do not form part of these consolidated financial statements.

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**NOTE 3 - SEGMENT REPORTING**

Segmental information of the Group is as follows:

	<b>1 January - 31 December 2022</b>			<b>Total</b>
	<b>Fibers</b>	<b>Energy</b>	<b>Other</b>	
Total segment revenue (*)	15,440,863	1,752,594	260,787	17,454,244
<b>Revenue from external customers</b>	<b>15,440,863</b>	<b>1,752,594</b>	<b>260,787</b>	<b>17,454,244</b>
<b>Adjusted EBITDA (**)</b>	<b>3,649,247</b>	<b>470,224</b>	<b>43,886</b>	<b>4,163,357</b>
Unallocated corporate expenses (***)	-	-	-	(223,234)
<b>EBITDA</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,940,123</b>
Amortization and depreciation	(166,457)	(17,633)	(33,430)	(217,520)
Other operating income, net	-	-	-	(161,704)
Income from investment activities	-	-	-	58,916
Share of profit/(loss) of investment accounted for using equity method	(72,414)	-	-	(72,414)
Financial income/(expenses), net	-	-	-	(724,755)
<b>Profit before tax</b>				<b>2,822,646</b>

(\*) Revenues for the Energy and Other segments of the Group consist of domestic sales, while overseas sales revenue is only included in the Fibers section.

(\*\*) 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 – 31 December 2022

Segmental information of the Group is as follows:

	<b>1 January - 31 December 2022</b>			<b>Total</b>
	<b>Fibers</b>	<b>Energy</b>	<b>Other</b>	
Purchase of property, plant and equipment and intangibles	648,024	99,518	232,646	980,188
	<b>31 December 2022</b>			
Total segment assets	5,698,632	851,724	-	6,550,356
Investments accounted for using equity method	1,000,349	-	-	1,000,349
Unallocated corporate assets	-	-	3,866,429	3,866,429
<b>Total assets</b>	<b>6,698,981</b>	<b>851,724</b>	<b>3,866,429</b>	<b>11,417,134</b>
Total segment liabilities	4,532,081	25,059	-	4,557,140
Unallocated corporate liabilities	-	-	1,119,656	1,119,656
<b>Total liabilities</b>	<b>4,532,081</b>	<b>25,059</b>	<b>1,119,656</b>	<b>5,676,796</b>

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**NOTE 3 - SEGMENT REPORTING(Continued)**

	1 January - 31 December 2021			
	Fibers	Energy	Other	Total
Total segment revenue (*)	7,894,453	411,185	42,519	8,348,157
<b>Revenue from external customers</b>	<b>7,894,453</b>	<b>411,185</b>	<b>42,519</b>	<b>8,348,157</b>
<b>Adjusted EBITDA (**)</b>	<b>1,720,781</b>	<b>84,161</b>	<b>7,935</b>	<b>1,812,877</b>
Unallocated corporate expenses (***)	-	-	-	(111,336)
<b>EBITDA</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,701,541</b>
Amortization and depreciation	(105,567)	(15,824)	(17,722)	(139,113)
Other operating income, net	-	-	-	(315,810)
Income from investment activities	-	-	-	41,185
Share of profit/(loss) of investment accounted for using equity method	44,863	-	-	44,863
Financial income/(expenses), net	-	-	-	(200,828)
<b>Profit before tax</b>				<b>1,131,838</b>

(\*) As of 31 December 2021, undistributed corporate expenses consist of the portion of general administrative expenses that are not distributed to departments.

Segmental information of the Group is as follows

	1 January - 31 December 2021			
	Fibers	Energy	Other	Total
Purchase of property, plant and equipment and intangibles	573,025	27,729	960	601,714
<b>31 December 2021</b>				
Total segment assets	4,581,710	490,144	-	5,071,854
Investments accounted for using equity method	778,181	-	-	778,181
Unallocated corporate assets	-	-	3,593,015	3,593,015
<b>Total assets</b>	<b>5,359,891</b>	<b>490,144</b>	<b>3,593,015</b>	<b>9,443,050</b>
Total segment liabilities	4,380,880	10,048	-	4,390,928
Unallocated corporate liabilities	-	-	2,217,843	2,217,843
<b>Total liabilities</b>	<b>4,380,880</b>	<b>10,048</b>	<b>2,217,843</b>	<b>6,608,771</b>

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**NOTE 3 - SEGMENT REPORTING(Continued)**

**Segment Assets**

Reconciliation between the reportable segment assets and total assets is as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Reportable segment assets</b>	<b>7,550,705</b>	<b>5,850,035</b>
Cash and cash equivalents	1,577,515	2,835,689
Financial investments	144,906	-
Derivative financial assets	28,292	8,848
Right of use assets	4,876	6,329
Other assets	375,522	328,005
Current income tax assets	101,485	3,447
Property, plants and equipment and intangibles	636,535	218,617
Deferred tax assets	997,298	192,080
<b>Total assets</b>	<b>11,417,134</b>	<b>9,443,050</b>

**Segment Liabilities**

Reconciliation between the reportable segment liabilities and total liabilities is as follows:

**Segment Liabilities**

	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Reportable segment liabilities</b>	<b>4,557,140</b>	<b>4,390,928</b>
Borrowings	984,467	2,125,952
Lease liabilities	5,466	7,135
Other payables	6,380	28,752
Other short-term provisions	114	105
Provision for employee benefits	104,369	50,023
Liabilities for employee benefits	18,860	5,876
<b>Total liabilities</b>	<b>5,676,796</b>	<b>6,608,771</b>

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**NOTE 4 - CASH AND CASH EQUIVALENTS**

Details of cash and cash equivalents of the Group are as follows:

	31 December 2022	31 December 2021
Cash	488	216
Bank		
<i>Demand deposit (TRY)</i>	586	1,953
<i>Foreign currency demand deposit</i>	400	21,824
<i>Time deposits (TRY)</i>	673,108	409,519
<i>Foreign currency time deposit</i>	902,933	2,402,177
<b>Total</b>	<b>1,577,515</b>	<b>2,835,689</b>

As of 31 December 2022, the maturity of time deposits are less than three months and weighted average effective interest rates on TRY denominated time deposits are 20.47% (31 December 2021: 20%), 2.33% for USD denominated time deposits (31 December 2021: 0.95%) and 0.94 % for EUR denominated time deposits (31 December 2021: EUR 0.23%) respectively.

The cash and cash equivalents included in the consolidated cash flow statement by years are as follows:

	31 December 2022	31 December 2021	31 December 2020
Cash and cash equivalents	1,577,515	2,835,689	906,204
Less: Interest accrual	(1,088)	(330)	(1,214)
<b>Cash and cash equivalents, net</b>	<b>1,576,427</b>	<b>2,835,359</b>	<b>904,990</b>

**NOTE 5 - FINANCIAL INVESTMENTS**

	31 December 2022	31 December 2021
Currency protected deposits (*)	144,026	-
<b>Financial investments – current assets</b>	<b>144,026</b>	<b>-</b>
Investment funds (**)	880	-
<b>Financial investments – non-current assets</b>	<b>880</b>	<b>-</b>

(\*) 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 129,237 and the maturity date is January and February 2023. Profit of TRY 14,789 arising from changes in fair value was accounted for under "Income from Investing Activities".

(\*\*) Investment funds are accounted at fair value whether they are financial investments with a maturity of one (1).

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 6 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD**

**Joint Ventures**

	<b>31 December 2022</b>	<b>31 December 2021</b>
DowAksa Holdings	1,000,349	778,181

Summarized financial information of DowAksa Holding is presented below:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Current assets	2,262,494	1,200,810
Non-current assets	5,377,519	2,957,092
<b>Total Assets</b>	<b>7,640,013</b>	<b>4,157,902</b>
Short-term liabilities	2,401,049	811,216
Long-term liabilities	3,238,266	1,790,324
Equity	2,000,698	1,556,362
<b>Total Liabilities</b>	<b>7,640,013</b>	<b>4,157,902</b>
<b>Equity corresponding to Group's shares of 50%</b>	<b>1,000,349</b>	<b>778,181</b>
	<b>2022</b>	<b>2021</b>
Revenue	2,627,062	981,357
Net profit	(144,828)	89,726
<b>Net profit/(loss) corresponding to Group's shares of 50%</b>	<b>(72,414)</b>	<b>44,863</b>

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

	<b>2022</b>	<b>2021</b>
<b>1 January</b>	<b>778,181</b>	<b>388,529</b>
Net profit corresponding to Group's shares of 50%	(72,414)	44,863
Currency translation differences	300,981	338,535
Gains on remeasurements of defined benefit plans	(6,399)	6,254
<b>31 December</b>	<b>1,000,349</b>	<b>778,181</b>

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**NOTE 7 - BORROWINGS**

Group's financial liabilities are as follows:

		<b>31 December 2022</b>	<b>31 December 2021</b>
Short-term bank borrowings		984,467	2,125,952
Short-term portion of long-term bank borrowings		371,702	227,640
Lease liabilities		15,363	10,692
<b>Total short-term borrowings</b>		<b>1,371,532</b>	<b>2,364,284</b>
Long-term bank borrowings		1,004,423	565,315
Lease liabilities		50,775	45,297
<b>Total long-term borrowings</b>		<b>1,055,198</b>	<b>610,612</b>
<b>Total borrowings</b>		<b>2,426,730</b>	<b>2,974,896</b>

  

		<u><b>31 December 2022</b></u>		<u><b>31 December 2021</b></u>	
		<b>Annual weighted average effective interest rate (%)</b>	<b>TRY</b>	<b>Annual weighted average effective interest rate (%)</b>	<b>TRY</b>
<b>a) Short-term bank borrowings:</b>					
USD borrowings	9.40	502,892		1.85	2,132,640
TRY borrowings	21.00	280,381		-	-
EUR borrowings	7.00	202,760		-	-
Prepaid interest		(1,566)			(6,688)
<b>Total short-term bank borrowings</b>		<b>984,467</b>			<b>2,125,952</b>
<b>b) Short-term portion of long-term bank borrowings:</b>					
USD borrowings	3.48	179,463		3.38	128,256
EUR borrowings	3.60	192,239		3.15	99,384
Lease liabilities		15,363			10,692
<b>Total short-term portion of long-term bank borrowings</b>		<b>387,065</b>			<b>238,332</b>
<b>Total short-term borrowings</b>		<b>1,371,532</b>			<b>2,364,284</b>
<b>c) Long-term bank borrowings:</b>					
USD borrowings	3.48	268,032		3.38	318,442
EUR borrowings	4.86	736,391		3.15	246,873
Lease liabilities		50,775			45,297
<b>Total long-term borrowings</b>		<b>1,055,198</b>			<b>610,612</b>

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED  
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**NOTE 7 - BORROWINGS (Continued)**

As of 31 December 2022, and 2021, there is no violation of the Group's long-term foreign currency borrowings.

The long-term bank borrowings' fair values and book values are as follows:

	<b>31 December 2022</b>		<b>31 December 2021</b>	
	<b>Fair value</b>	<b>Book value</b>	<b>Fair value</b>	<b>Book value</b>
USD borrowings (*)	254,001	268,032	326,491	318,442
EUR borrowings	744,086	736,391	260,715	246,873

(\*) Loans using derivative instruments for hedging are calculated by considering swap interest rates.

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

	<b>31 December 2022</b>	<b>31 December 2021</b>
Less than 3 months	476,702	397,317
Between 3-12 months	894,830	1,966,967
Between 1-2 years	379,843	236,381
Between 2-3 years	625,922	236,170
Between 3-4 years	34,539	122,658
4 years and longer	14,894	15,403
	<b>2,426,730</b>	<b>2,974,896</b>

Movement of borrowing for the years 2022 and 2021 as follows;

	<b>2022</b>	<b>2021</b>
<b>1 January</b>	<b>2,974,896</b>	<b>1,900,097</b>
Additions	2,990,927	556,551
Principal payments	(3,934,894)	(722,554)
Change in lease liabilities	7,589	7,564
Change in interest accrual	47,937	(3,209)
Currency translation differences	340,275	1,236,447
<b>31 December</b>	<b>2,426,730</b>	<b>2,974,896</b>



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**NOTE 7 - BORROWINGS (Continued)**

Movement of lease liabilities for the years 2022 and 2021 as follows;

<b>31 December 2022</b>	<b>Site Rents</b>	<b>Buildings</b>	<b>Vehicles</b>	<b>Total</b>
<b>1 January</b>	<b>12,397</b>	<b>1,104</b>	<b>42,488</b>	<b>55,989</b>
Additions	2,483	1,624	3,482	7,589
Interest expenses	3,942	306	1,447	5,695
Payments	(3,949)	(1,592)	(7,846)	(13,387)
Movements of foreign currency differences	-	-	10,252	10,252
<b>31 December 2022</b>	<b>14,873</b>	<b>1,442</b>	<b>49,823</b>	<b>66,138</b>
<b>31 December 2021</b>	<b>Site Rents</b>	<b>Buildings</b>	<b>Vehicles</b>	<b>Total</b>
<b>1 January</b>	<b>11,058</b>	<b>1,241</b>	<b>29,684</b>	<b>41,983</b>
Additions	1,342	157	6,065	7,564
Interest expenses	3,291	316	1,567	5,174
Payments	(3,294)	(610)	(12,935)	(16,839)
Movements of foreign currency differences	-	-	18,107	18,107
<b>31 December 2021</b>	<b>12,397</b>	<b>1,104</b>	<b>42,488</b>	<b>55,989</b>

**NOTE 8 - TRADE RECEIVABLES AND PAYABLES**

Details of trade receivables and payables of the Group are as follows:

**a) Short-term trade receivables:**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Trade receivables	642,895	504,499
Notes receivable and cheques	178,236	231,687
Less: Provision for doubtful receivables	(32,760)	(47,880)
Less: Unearned finance income on credit sales	(8,355)	(1,396)
<b>Total short-term trade receivables, net</b>	<b>780,016</b>	<b>686,910</b>

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**NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)**

**b) Long-term trade receivables:**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Long-term trade receivables	72,668	166,225
Notes receivables and cheques	137,526	57,952
Less: Unearned finance income on credit sales	(16,772)	(329)
Less: Provision for doubtful receivables	(110,076)	(82,387)
<b>Total long-term trade receivables, net</b>	<b>83,346</b>	<b>141,461</b>

As of 31 December 2022, trade receivables which are denominated in TRY and foreign currency have an average maturity of (60) days (31 December 2021: 60 days) and they are discounted with an average annual interest rate of 5.1% (31 December 2021: 1.3%).

The movements of the provision for doubtful trade receivables during the periods ending on 31 December 2022 and 2021 are as follows:

	<b>2022</b>	<b>2021</b>
<b>1 January</b>	<b>130,267</b>	<b>96,259</b>
Provisions collected during the period	(1,511)	(36)
Provisions during the period (Note 23)	14,080	34,044
<b>31 December</b>	<b>142,836</b>	<b>130,267</b>

Explanations about the nature and level of risks in trade receivables are provided in Note 29 Credit Risk section.

**c) Short-term trade payables:**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Suppliers	2,512,284	3,071,418
Less: Unaccrued finance costs on credit purchases (-)	(10,239)	(2,476)
<b>Total</b>	<b>2,502,045</b>	<b>3,068,942</b>

As of 31 December 2022, trade payables which are denominated in TRY and foreign currency have an average maturity of (3) months (31 December 2021: 3 months) and they are discounted with an average annual interest rate of 4.4% (31 December 2021: 1.3%) in US dollars.

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**NOTE 9 - OTHER RECEIVABLES AND PAYABLES**

Details of other receivables and payables of the Group are as follows:

**a) Short-term other receivables:**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Deposits and guarantees given	291	1,013

**b) Short-term other payables:**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Taxes and funds payable	6,380	27,263
Other	-	1,489
<b>Total</b>	<b>6,380</b>	<b>28,752</b>

**NOTE 10 - INVENTORIES**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Raw materials and supplies	722,360	480,951
Work in progress	96,857	106,146
Finished goods	525,880	397,052
Goods in transit	784,033	522,816
Other inventories and spare parts	82,284	55,489
Less: Provision for impairment of inventories	(8,380)	(3,413)
<b>Total</b>	<b>2,203,034</b>	<b>1,559,041</b>

Provision for inventory impairment is related to raw materials, spare parts and finished goods.

As of 31 December 2022, and 2021, the Group has included movements in the amount of impairment in inventory to cost of goods sold. (Due the increase in the costs of the inventories, inventory impairment resulted with decrease).

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

As of current period, the cost of raw material and goods are shown in Note 22.

The movements of the provision for impairment of inventories for the periods ending on 31 December 2022 and 2021 are as follows:

	<b>2022</b>	<b>2021</b>
<b>1 January</b>	<b>3,413</b>	<b>3,191</b>
Provisions (cancelled/reversed) during the period	4,967	222
<b>31 December</b>	<b>8,380</b>	<b>3,413</b>

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**NOTE 11 - INVESTMENT PROPERTIES**

	1 January 2022	Additions	Disposals	Transfers (*)	31 December 2022
<b>Cost</b>					
Land and buildings	2,967	-	-	-	2,967
Independent units	16,629	-	-	(16,629)	-
	<b>19,596</b>	<b>-</b>	<b>-</b>	<b>(16,629)</b>	<b>2,967</b>
<b>Accumulated depreciation</b>					
Land and buildings	2,106	71	-	-	2,177
Independent units	2,634	416	-	(3,050)	-
	<b>4,740</b>	<b>487</b>	<b>-</b>	<b>(3,050)</b>	<b>2,177</b>
<b>Net book value</b>	<b>14,856</b>				<b>790</b>
	1 January 2021	Additions	Disposals	Transfers (*)	31 December 2021
<b>Cost</b>					
Land and buildings	47,509	-	-	(30,880)	16,629
Independent units	3,091	-	(124)	-	2,967
	<b>50,600</b>	<b>-</b>	<b>(124)</b>	<b>(30,880)</b>	<b>19,596</b>
<b>Accumulated depreciation</b>					
Land and buildings	6,335	1,188	-	(4,889)	2,634
Independent units	2,155	72	(121)	-	2,106
	<b>8,490</b>	<b>1,260</b>	<b>(121)</b>	<b>(4,889)</b>	<b>4,740</b>
<b>Net book value</b>	<b>42,110</b>				<b>14,856</b>

(\*) Transfers are related to the classification of some unused real estates into tangible fixed assets due to their use.

Current year depreciation expense of investment properties is classified under general administrative expenses.

*Land and Buildings*

Yalova Province, Çiftlikköy District Denizçalı Village, Taşköprü Mevkii, Yalkim OSB, on the Yalova-İzmit Highway, 151 block, 6 and 7 parcels, registered lands and buildings, and investment properties that are being formed are classified under property, plant and equipment as they are started to be used by the Company.

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**NOTE 11 - INVESTMENT PROPERTIES (Continued)**

*Independent Units*

Comprise of offices of the Company located at Gümüşsuyu. According to the valuation report dated 31 December 2022, the fair value of the units is TRY70,520 (31 December 2021: TRY28,215) and it provides rent income amounting to TRY208 (31 December 2021: TRY113) per month.

As of 31 December 2022, rent income from investment properties has been disclosed as income from investment activities and is amounting to TRY6,478 (31 December 2021: TRY5,457).

**NOTE 12 - RIGHT-OF-USE ASSETS**

As of 31 December 2022, and 2021, the movement of right-of-use assets are as follows:

<b>31 December 2022</b>	<b>Site Rent</b>	<b>Buildings</b>	<b>Vehicles</b>	<b>Total</b>
<b>Cost</b>				
Balance at 1 January 2022	12,405	1,849	33,929	48,183
Additions	-	1,618	3,301	4,919
Rental condition changes	2,483	6	181	2,670
Outputs	-	(1,753)	(833)	(2,586)
	<b>14,888</b>	<b>1,720</b>	<b>36,578</b>	<b>53,186</b>
<b>Accumulated Depreciation</b>				
Balance at 1 January 2022	839	1,022	10,526	12,387
Charge for the period	384	352	6,349	7,085
Outputs	-	(1,103)	(833)	(1,936)
	<b>1,223</b>	<b>271</b>	<b>16,042</b>	<b>17,536</b>
<b>Net book value</b>	<b>13,665</b>	<b>1,449</b>	<b>20,536</b>	<b>35,650</b>
<b>31 December 2021</b>	<b>Site Rent</b>	<b>Buildings</b>	<b>Vehicles</b>	<b>Total</b>
<b>Cost</b>				
Balance at 1 January 2021	11,064	1,692	31,568	44,324
Additions	-	-	6,065	6,065
Rental condition changes	1,341	157	-	1,498
Outputs	-	-	(3,704)	(3,704)
	<b>12,405</b>	<b>1,849</b>	<b>33,929</b>	<b>48,183</b>
<b>Accumulated Depreciation</b>				
Balance at 1 January 2021	523	628	6,932	8,083
Charge for the period	316	394	6,444	7,154
Outputs	-	-	(2,850)	(2,850)
	<b>839</b>	<b>1,022</b>	<b>10,526</b>	<b>12,387</b>
<b>Net book value</b>	<b>11,566</b>	<b>827</b>	<b>23,403</b>	<b>35,796</b>

Depreciation expense for the current period amounting to TRY6,733 (31 December 2021: TRY6,761) are recognized in cost of goods sold, TRY329 (31 December 2021: TRY373) are recognized in general administrative expenses and TRY23 (31 December 2021: TRY20) are recognized in marketing expenses.

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**NOTE 13 - PROPERTY, PLANT AND EQUIPMENT**

	1 January 2022	Additions	Disposals	Transfers (*)	Currency translation differences	Disposal of subsidiary	31 December 2022
<b>Cost</b>							
Land	106,459	11,101	-	-	(406)	(3,371)	113,783
Land improvements	164,134	32,658	-	19,175	-	-	215,967
Buildings	398,957	9,648	(2,947)	109,364	(1,418)	(11,779)	501,825
Machinery and equipment	2,495,217	4,207	(2,079)	695,780	(2,682)	(22,277)	3,168,166
Motor vehicles	3,433	27	-	620	(173)	(1,434)	2,473
Furniture and fixture	92,935	5,591	(237)	26,220	(104)	(854)	123,551
Construction in progress	126,753	891,176	-	(838,837)	-	-	179,092
	<b>3,387,888</b>	<b>954,408</b>	<b>(5,263)</b>	<b>12,322</b>	<b>(4,783)</b>	<b>(39,715)</b>	<b>4,304,857</b>
<b>Accumulated depreciation</b>							
Land improvements	71,658	7,539	-	-	-	-	79,197
Buildings	91,864	10,353	(318)	3,050	(893)	(7,316)	96,740
Machinery and equipment	1,093,001	177,148	(2,079)	-	(2,260)	(18,550)	1,247,260
Motor vehicles	1,914	348	-	-	(150)	(1,209)	903
Furniture and fixture	58,917	7,512	(227)	-	(98)	(803)	65,301
	<b>1,317,354</b>	<b>202,900</b>	<b>(2,624)</b>	<b>3,050</b>	<b>(3,401)</b>	<b>(27,878)</b>	<b>1,489,401</b>
<b>Net book value</b>	<b>2,070,534</b>						<b>2,815,456</b>

(\*) Transfers with a net book value of TRY13,579 are related to land and buildings classified from investment properties to property, plant and equipment, and TRY4,307 is related to capitalized intangible assets.

In the period 1 January - 31 December 2022, there is a net financing cost capitalized as TRY1,967 as a result of foreign exchange expenses and interest costs arising from the investment loans used. The investments being made as of 31 December 2022 mainly result from the investments in power plant, press and cutting unit modernization investments and the investments in progress of the auxiliary enterprises.

Depreciation expense for the current period amounting to TRY194,102 are recognized in cost of goods sold, TRY1,182 are recognized in research and development expenses, TRY4,953 are recognized in general administrative expenses, TRY186 are recognized in marketing expenses, and TRY2,477 are recognized in inventories.

As of 31 December 2022, there is no collateral, pledge and mortgage on property, plant and equipment. At the date of reporting, Group's property, plants and equipment is insured for TRY12 billion.

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**NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)**

	1 January 2021	Additions	Disposals	Transfers (*)	Currency translation differences	31 December 2021
<b>Cost</b>						
Land	105,172	948	(1,361)	-	1,700	106,459
Land improvements	161,248	-	-	2,886	-	164,134
Buildings	259,558	3,238	-	130,222	5,939	398,957
Machinery and equipment	1,814,826	11,235	(1,801)	658,283	12,674	2,495,217
Motor vehicles	2,227	24	(518)	770	930	3,433
Furniture and fixture	84,859	2,923	(167)	4,876	444	92,935
Construction in progress	325,762	571,832	-	(770,841)	-	126,753
	<b>2,753,652</b>	<b>590,200</b>	<b>(3,847)</b>	<b>26,196</b>	<b>21,687</b>	<b>3,387,888</b>
<b>Accumulated depreciation</b>						
Land improvements	64,619	7,039	-	-	-	71,658
Buildings	76,460	7,192	-	4,889	3,323	91,864
Machinery and equipment	981,987	105,197	(1,441)	(2,266)	9,524	1,093,001
Motor vehicles	1,338	320	(343)	-	599	1,914
Furniture and fixture	52,512	6,158	(147)	-	394	58,917
	<b>1,176,916</b>	<b>125,906</b>	<b>(1,931)</b>	<b>2,623</b>	<b>13,840</b>	<b>1,317,354</b>
<b>Net book value</b>	<b>1,576,736</b>					<b>2,070,534</b>

(\*) Transfers with a net book value of TRY2,141 relate to equipment classified as assets held for sale, transfers with a net book value of TRY25,990 relate to land and buildings classified from investment properties to tangible assets, and TRY277 relate to intangible assets.

There is a net financing cost of TRY51,048 capitalized as a result of the exchange difference expenses and interest costs incurred by investment loans used in the period of 1 January - 31 December 2021.

Depreciation expense for the current period amounting to TRY120,837 are recognized in cost of goods sold, TRY481 are recognized in research and development expenses, TRY2,351 are recognized in general administrative expenses, TRY86 are recognized in marketing expenses, TRY847 are recognized in construction in progress as the projects which has not completed and TRY1,304 are recognized in inventories.

As of 31 December 2021, there is no collateral, pledge and mortgage on property, plant and equipment. At the date of reporting, Group's property, plants and equipment is insured for TRY8.3 billion.

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**NOTE 14 - INTANGIBLE ASSETS**

	1 January 2022	Additions	Disposals	Transfers (*)	Currency translation differences	Disposal of subsidiary	31 December 2022
<b>Cost</b>							
Rights	83,314	1,067	(11)	-	(496)	(4,141)	79,733
Development cost	69,101	25,892	-	-	-	-	94,993
Other intangible assets	8,100	247	-	4,307	-	-	12,654
	<b>160,515</b>	<b>27,206</b>	<b>(11)</b>	<b>4,307</b>	<b>(496)</b>	<b>(4,141)</b>	<b>187,380</b>
<b>Accumulated depreciation</b>							
Rights	19,466	4,188	(11)	-	(467)	(3,859)	19,317
Development cost	17,381	4,992	-	-	-	-	22,373
Other intangible assets	7,946	345	-	-	-	-	8,291
	<b>44,793</b>	<b>9,525</b>	<b>(11)</b>	<b>-</b>	<b>(467)</b>	<b>(3,859)</b>	<b>49,981</b>
<b>Net book value</b>	<b>115,722</b>						<b>137,399</b>

	1 January 2021	Additions	Disposals	Transfers (*)	Currency translation differences	31 December 2021
<b>Cost</b>						
Rights	74,681	6,598	(61)	-	2,096	83,314
Development cost	38,172	30,929	-	-	-	69,101
Other intangible assets	7,754	69	-	277	-	8,100
	<b>120,607</b>	<b>37,596</b>	<b>(61)</b>	<b>277</b>	<b>2,096</b>	<b>160,515</b>
<b>Accumulated depreciation</b>						
Rights	13,822	3,772	(61)	-	1,933	19,466
Development cost	14,466	2,915	-	-	-	17,381
Other intangible assets	7,534	412	-	-	-	7,946
	<b>35,822</b>	<b>7,099</b>	<b>(61)</b>	<b>-</b>	<b>1,933</b>	<b>44,793</b>
<b>Net book value</b>	<b>84,785</b>					<b>115,722</b>

(\*) Transfers amounting to TRY4,307 are related to property plant and equipment (2021: TRY277).



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**NOTE 14 - INTANGIBLE ASSETS (Continued)**

Amortization expenses for the period ended 31 December 2022 amounting to TRY3,362 (2021: TRY2,953) are recognized in cost of goods sold, TRY4,992 (2021: TRY2,760) are recognized in research and development expenses, TRY1,114 (2021: TRY1,186) are recognized in general administrative expenses, TRY57 (2021: TRY45) are recognized in marketing expenses. (2021: TRY155) of project development costs that have not been completed yet, are included in the investments in progress as depreciation amount.

**Goodwill**

As of 31 December 2022, the goodwill balance with the carrying amount of TRY5,989 (2021: TRY5,989) resulted from the acquisition of 50% shares of Ak-Tops Tekstil Sanayi A.Ş. during 2007.

There is no impairment in the goodwill's book value.

**NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

Provisions:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Provision for litigation	114	105

Contingent assets and liabilities are as follows:

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

	<b>31 December 2022</b>	<b>31 December 2021</b>
Letters of credit commitments	2,042,319	2,299,087
Letters of guarantees given	1,762,866	1,604,248
<b>Total</b>	<b>3,805,185</b>	<b>3,903,335</b>

Letters of guarantees given are mainly consist of raw material purchases.

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

	<b>31 December 2022</b>	<b>31 December 2021</b>
Credit insurance limits	2,733,785	1,489,478
Mortgages received	271,850	199,206
Guarantee cheques and notes received	133,584	157,863
Share pledges	113,622	80,995
Limits of direct debiting system ("DDS")	79,909	21,465
Confirmed/unconfirmed letters of credit	49,561	42,833
Guarantee letters received	41,263	12,653
<b>Total</b>	<b>3,423,574</b>	<b>2,004,493</b>

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**NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

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

	31 December 2022	31 December 2021
A. CPM given on behalf of the Group's legal personality	3,805,185	3,903,335
- USD	3,391,436	3,757,087
-EUR	308,073	109,007
-TRY	97,834	37,241
-Other	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	-	-
<b>Total</b>	<b>3,805,185</b>	<b>3,903,335</b>

As of 31 December 2022, the ratio of other CPMs' given by the Company (D) to equity is zero percent (31 December 2021: zero).

**NOTE 16 - EMPLOYEE BENEFIT OBLIGATIONS**

Payables for employee benefit obligations	31 December 2022	31 December 2021
Social security premiums payable	18,825	5,864
Payables to employees	35	12
<b>Total</b>	<b>18,860</b>	<b>5,876</b>
Current provisions for employee benefits	31 December 2022	31 December 2021
Provision for performance premium	63,378	40,000
Provision for unused vacation rights	6,905	3,500
<b>Total</b>	<b>70,283</b>	<b>43,500</b>

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**NOTE 16 - EMPLOYEE BENEFIT OBLIGATIONS (Continued)**

<b>Non-current provisions for employee benefits</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Provision for employment termination benefits and seniority incentive	236,938	59,750

Provision for employment termination benefits

Employment termination benefit provision is recorded according to the following descriptions.

Under the Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and left from the group or retired, completed 25 service years (20 for women) and who reaches the retirement age (58 for women and 60 for men), whose employment is terminated without due cause, is called up for military service or passed away. Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.

The liability for employment termination benefits is not legally subjected to any funding and there is no condition for funding.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees.

TAS 19 'Employee Benefits' require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions have been used in the calculation of the total liability:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Discount rate (%)	0.50	4.45
Probability of retirement (%)	98.22	98.28

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised once every six months, the maximum amount of TRY19,983 effective from 1 January 2023 (1 January 2022: TRY10,849) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

Movements in the provision for employment termination benefits and seniority incentive are as follows:

	<b>2022</b>	<b>2021</b>
<b>1 January</b>	<b>59,750</b>	<b>38,972</b>
Service cost	55,108	3,342
Interest cost	12,086	1,736
Payments	(6,196)	(3,324)
Actuarial gain	116,190	19,024
<b>31 December</b>	<b>236,938</b>	<b>59,750</b>

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**NOTE 17 - OTHER ASSETS AND LIABILITIES**

**a) Other current assets:**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Value Added Taxes ("VAT") receivables	375,478	352,563
Other	-	254
<b>Total</b>	<b>375,478</b>	<b>352,817</b>

**b) Short-term prepayments**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Advances given	11,353	119,721
Prepaid expenses	14,988	6,948
<b>Total</b>	<b>26,341</b>	<b>126,669</b>

**c) Long-term prepayments**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Advances given for purchase of property, plant and equipment	147,894	55,458
Prepaid expenses	4,036	495
<b>Total</b>	<b>151,930</b>	<b>55,953</b>

**d) Deferred income:**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Deferred revenue	80,870	193,107
Order advances received	135,945	106,040
<b>Total</b>	<b>216,815</b>	<b>299,147</b>

**e) Other long-term liabilities:**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Deposits and guarantees received	39,919	30,210

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**NOTE 18 - DERIVATIVE FINANCIAL INSTRUMENTS**

	<b>31 December 2022</b>		<b>31 December 2021</b>	
	<b>Asset</b>	<b>Liability</b>	<b>Asset</b>	<b>Liability</b>
Derivatives used for hedging	28,292	-	5,827	-
Held for trading	-	-	3,022	-

**Derivatives used for hedging:**

	<b>31 December 2022</b>		<b>31 December 2021</b>	
	<b>Contract amount</b>	<b>Fair value Liability</b>	<b>Contract amount</b>	<b>Fair value Asset amount</b>
	<b>USD (thousand)</b>	<b>TRY</b>	<b>USD (thousand)</b>	<b>TRY</b>
Interest rate swaps	23,891	28,292	33,447	5,827
<b>Total</b>	<b>23,891</b>	<b>28,292</b>	<b>33,447</b>	<b>5,827</b>

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 cross currency forward swaps 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.

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 31 December 2022, fixed interest rates are 0.325% (31 December 2021: 0.325%). The Group's main floating interest rates are EURIBOR and LIBOR.

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**NOTE 18 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)**

**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.

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

**NOTE 19 - ASSETS HELD FOR SALE**

Assets held for sale summary information is as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Aksa Egypt	33,781	-
Cost	-	4,407
Accumulated depreciation	-	(2,266)
<b>Net book value</b>	<b>33,781</b>	<b>2,141</b>

Evaluating the long-term stagnation in the Egyptian market, the discontinuous in the production lines, the economic/commercial developments in the country and the efficiency of the production facilities, the Company decided to sell the facility it had established in Egypt for the purpose of rapid service, as a result of the fact that the said production capacity could be met in the production lines in Turkey. The foreign subsidiary of the Company, which is in the sales process, is classified as assets held for sale as of the end of the year.

In 2021, idle machinery and equipment, which were classified as assets held for sale, were sold for TRY5,038 and the resulting sales profit was classified under the "Income from investment activities" note.

**NOTE 20 - 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 31 December 2022, and 2021, the historical, authorized and issued capital of Aksa is presented below:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Limit on registered share capital	650,000	650,000
Issued share capital	323,750	323,750

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**NOTE 20 - EQUITY (Continued)**

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

	Share (%)	31 December 2022	Share (%)	31 December 2021
Akkök Holding	39.59	128,166	39.59	128,166
Emniyet Ticaret ve Sanayi A.Ş.	21.44	69,425	20.23	65,500
Other	38.97	126,159	40.18	130,084
	<b>100.00</b>	<b>323,750</b>	<b>100.00</b>	<b>323,750</b>

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

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"), The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. According to the TCC, the legal reserve does not exceed half of the capital or issued capital can be used only to offset losses, to continue the business when things did not go well or to get ahead of unemployment and to take favorable measures to manage its results

In accordance with TAS, the Company has to classify the above-mentioned amounts under "Restricted reserves", the amount of restricted reserves is TRY314,349 as of 31 December 2022 (31 December 2021: TRY256,074). This amount fully consists of legal reserves.

"Paid in Capital", "Restricted Reserves" and "Share Premiums" shall be disclosed by their statutory amounts in accordance with the Communiqué on the Principles of Financial Reporting in Capital Markets (numbered II-14.1) and CMB announcements. During the implementation of the relevant communiqué, differences in valuations (such as differences arising from inflation adjustment):

- The difference arising from the "Paid-in Capital" and if has not been transferred to capital yet, shall be classified under the "Adjustments to Share Capital", following the "Paid-in capital";
- The difference due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilized in dividend distribution or capital increase yet, shall be classified under "Retained Earnings". Other equity totals are being demonstrated as they are valued according to CMB's and TAS's statements.

Capital adjustment differences have no use other than complementing the capital.

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**NOTE 20 - EQUITY (Continued)**

**Dividend distribution**

Regarding the dividend distribution, the entities have to distribute their profits under the scope of CMB Communiqué Serial: II-19.1, their articles of association and their previously publicly declared profit distribution policies.

Besides that, to prepare and publicly announce the amount of net distributable profit is regulated for Companies which are obligated to prepare consolidated financial statements under CMB policies in accordance with CMB Communiqué No. II -14.1. It is also regulated that the Companies are required to calculate the net profit for the period with considering the consolidated financial statements as long as the net profit can be provided from legal sources.

In the case of making decision on dividend payment, dividend is paid in cash or is distributed as “bonus shares” to shareholders by adding dividend to capital or distributed cash and bonus shares in certain amounts according to the decision that is taken by the general assembly of the company.

In the ordinary general meeting of the Group dated 1 April 2022, in accordance with the Turkish Commercial Code and the Company's Articles of Association, the distributable profit of 2021 is amounting to TRY58,275. The Group decided to account Legal Reserves and to pay TRY598,938 (2021: TRY281,663) of the gross profit share (TRY1.85 per share). Dividend payments were completed on 25 April 2022.

**NOTE 21 - REVENUE AND COST OF SALES**

Sales and cost of goods sold for the years ended 31 December 2022 and 2021 are as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Domestic sales	11,495,048	6,065,592
Export sales	6,835,254	2,692,902
Less: Sales returns	(10,035)	(7,608)
Less: Sales discounts	(866,023)	(402,729)
<b>Net sales income</b>	<b>17,454,244</b>	<b>8,348,157</b>
<b>Cost of sales (-)</b>	<b>(13,162,720)</b>	<b>(6,504,250)</b>
<b>Gross profit</b>	<b>4,291,524</b>	<b>1,843,907</b>



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**NOTE 22 - EXPENSES BY NATURE**

Cost of sales, marketing expenses, general administrative expenses and research and development expenses by nature for the years ended as of 31 December 2022 and 2021 are as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Raw materials and goods	12,113,024	5,959,134
Employee benefit expenses	508,439	252,798
Depreciation and amortization	217,520	139,113
Consumable materials	191,583	100,709
Commission expenses	160,434	62,228
Maintenance, repair and cleaning expenses	86,475	54,836
Export expenses	83,099	53,849
Information technologies expense	29,138	17,567
Insurance expenses	25,725	12,160
Consultancy expenses	15,478	10,484
Other	300,726	122,851
<b>Total</b>	<b>13,731,641</b>	<b>6,785,729</b>

*Fees for Services Obtained from Independent Auditor/Independent Audit Firm*

Fees for Services Received from Independent Auditor/Independent Audit Firm the Group's statement regarding the fees for services rendered by independent audit firms, prepared by the KGK pursuant to the Board Decision published in the Official Gazette on March 30, 2021, and the preparation principles of which are based on the KGK letter dated August 19, 2021. as follows:

	<b>2022</b>	<b>2021</b>
Independent audit fee for the reporting period	2,426	1,220
Fees for tax advisory services	253	118
Fee for other assurance services	20	19
Fees for services other than independent auditing	43	20
<b>Total</b>	<b>2,742</b>	<b>1,377</b>

The fees above have been determined by including the legal audit and other related service fees of all subsidiaries and joint ventures, and the fees in foreign currency have been converted into TRY using the annual average rates of the relevant years.

**NOTE 23 - OTHER OPERATING INCOME/(EXPENSE)**

Other operating income for the years ended at 31 December 2022 and 2021 are as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Foreign exchange gains	1,527,265	1,033,536
Interest income on credit sales	80,674	24,133
Gain on sale of scraps	18,147	8,423
Other	2,650	2,108
<b>Total</b>	<b>1,628,736</b>	<b>1,068,200</b>

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**NOTE 23 - OTHER OPERATING INCOME/(EXPENSE) (Continued)**

Other operating expenses for the years ended at 31 December 2022 and 2021 are as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Foreign exchange losses	1,696,887	1,323,761
Interest expense from credit purchases	66,138	17,235
Provision for doubtful receivables (Note 8)	14,080	34,044
Other	13,335	8,970
<b>Total</b>	<b>1,790,440</b>	<b>1,384,010</b>

**NOTE 24 - INCOME FROM INVESTMENT ACTIVITIES**

Income from investment activities for the years ended at 31 December 2022 and 2021 are as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Finance income from financial investment	39,813	-
Income from fixed asset sales	11,565	35,100
Rent income	7,538	6,085
<b>Total</b>	<b>58,916</b>	<b>41,185</b>

**NOTE 25 - FINANCIAL INCOME/(COSTS)**

Finance income for the years ended at 31 December 2022 and 2021 are as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Foreign exchange gains	358,916	980,525
Interest income	112,479	45,480
<b>Total</b>	<b>471,395</b>	<b>1,026,005</b>

Financial costs for the years ended at 31 December 2022 and 2021 are as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Foreign exchange expense	1,056,568	1,177,301
Interest and commission expenses	139,582	49,532
<b>Total</b>	<b>1,196,150</b>	<b>1,226,833</b>

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**NOTE 26 - TAX ASSETS AND LIABILITIES**

Tax expenses for the years ended at 31 December 2022 and 2021 are as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Current income tax expense	(160,450)	(67,490)
Deferred tax income	759,842	102,860
<b>Total tax income/(expense)</b>	<b>599,392</b>	<b>35,370</b>

*Corporate Tax*

The Group is subject to corporate tax valid in Turkey. Tax liability provisions are determined in accordance with the current year financial activities.

Corporate Tax Law No. 5520 and dated 13 June 2006 was published in the Official Gazette dated 21 June 2006. Many provisions of the said new Corporate Tax Law No. 5520 came into effect as of January 1, 2006. In accordance with the temporary article 13 added to the Corporate Tax Law with the "Law on the Collection of Public Claims and Amendments to Certain Laws" numbered 7316, which was published in the Official Gazette dated April 22, 2021, the corporate tax rate was increased to 23% for the year 2022. (2021: 25%). The corporate tax rate is applied to the net corporate income to be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations and deducting the exceptions and deductions in the tax laws. Losses can be carried for a maximum of 5 years, to be deducted from the taxable profit that will occur in the coming years, provided that the conditions stipulated in the Law are met. However, the losses incurred cannot be deducted retrospectively from the profits of previous years.

There is no agreement with the tax authorities on the tax payable in Turkey. The corporate tax declaration is given on the until the evening of the last day of the fourth month following the month of which the accounting period is closed and is paid within the same period.

The corporate tax rate in Turkey is 23% for 2022 (2021: 25%, 2020: 22%). The corporate tax rate for the corporate earnings of the 2023 taxation period has been determined as 20%. The corporate tax rate is applied to the tax base to be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations and deducting the exceptions (such as investment incentives) and discounts (such as R&D deductions) in tax laws. With the Law No. 7338 published in the Official Gazette dated 26.10.2021 and numbered 31639, the 4th provisional taxation period has been abolished to be implemented as of the tax returns for the 2022 taxation period.

The Law on the Amendment of the Corporate Tax Law and the Tax Procedure Law dated January 20, 2022 and numbered 7352 was published in the Official Gazette dated 29.01.2022, including the provisional accounting periods for the 2021 and 2022 accounting periods and the 2023 accounting period provisional tax periods within the scope of the repeated article 298. It is stipulated that financial statements will not be subject to inflation adjustment, regardless of whether the conditions for inflation adjustment have been met. The Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies under TFRS on January 20, 2022, and it was stated that there was no need to make any adjustments within the scope of TAS 29 Financial Reporting in Hyperinflationary Economies in the consolidated financial statements for 2022.

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**NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)**

*Income Withholding Tax*

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding (Reserving the provisions of the Double Taxation Avoidance Agreement) tax at the rate of 15%. (With the Presidential Decision No. 4936 published in the Official Gazette dated 22 December 2021, the dividend withholding tax rate was reduced from 15% to 10%). An increase in capital via issuing bonus shares is not considered as a profit distribution.

**Deferred Income Tax Assets and Liabilities**

The Company calculates deferred tax assets and liabilities considering the effect of temporary differences arising from different valuation of balance sheet items according to TAS and statutory financial statements. Such temporary differences usually result from the recognition of revenue and expenses in different reporting periods according to TAS and Tax Code.

The tax rate used in calculating deferred tax assets and liabilities is 20% (2021: 20% and 23%).

The breakdown of cumulative temporary differences and deferred income tax assets and liabilities provided using enacted tax rates as of 31 December 2022 and 2021 are as follows:

	<b>Temporary taxable differences</b>		<b>Deferred income tax asset/liability</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Property, plant and equipment and intangible assets	4,512,626	649,288	902,525	134,510
Deferred income	216,816	288,481	43,363	63,490
Employee termination benefits	243,844	63,520	48,769	12,704
Lease liabilities	66,138	55,989	13,228	11,198
Other short-term liabilities	35,017	72,108	7,003	14,896
<b>Deferred tax assets</b>			<b>1,014,888</b>	<b>236,798</b>
Inventories	(13,378)	(142,907)	(2,676)	(32,869)
Right-of-use assets	(35,650)	(35,796)	(7,130)	(7,159)
Trade receivables	(388)	(12,123)	(78)	(2,425)
Derivative financial instruments	(28,292)	(8,849)	(5,658)	(1,770)
Trade payables	(10,239)	(2,476)	(2,048)	(495)
<b>Deferred tax liabilities</b>			<b>(17,590)</b>	<b>(44,718)</b>
<b>Deferred tax assets/(liability), net</b>			<b>997,298</b>	<b>192,080</b>

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**NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)**

Movement for the deferred income tax assets for the periods ended at 31 December 2022 and 2021 are as follows:

	<b>2022</b>	<b>2021</b>
<b>1 January</b>	<b>192,080</b>	<b>2,264</b>
Deferred tax income for the period, net	759,842	102,860
Recognized under equity	45,917	86,584
Currency translation differences	(541)	372
<b>31 December</b>	<b>997,298</b>	<b>192,080</b>

	<b>31 December 2022</b>	<b>31 December 2021</b>
Income tax	(160,450)	(67,490)
Prepaid taxes	261,935	70,937
<b>Current income tax assets/(liabilities)</b>	<b>101,485</b>	<b>3,447</b>

The reconciliation of tax expenses stated in consolidated income statements for the years ended at 31 December 2022 and 2021 are as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Profit before tax in the consolidated financial statements	2,822,646	1,131,838
<b>Expected tax expense of the Group (23%- 25%)</b>	<b>649,209</b>	<b>282,960</b>
The effect of application of equity method	72,414	(44,863)
Fixed asset valuation application impact (*)	(4,852,577)	(894,840)
Investment incentives	(1,038,305)	(497,978)
Discounts and exemptions	(82,840)	(64,503)
Additions	21,659	49,888
Tax effect 25 (22%)	(1,352,319)	(363,074)
Tax rate effect (20%)	103,718	44,744
<b>Current period tax (income)/expense of the Group</b>	<b>(599,392)</b>	<b>(35,370)</b>

(\*) It consists of the paragraphs in the Temporary Article 32 and reiterated 298/Ç of the Tax Procedure Law and the amount calculated over the revaluation increases made within the scope of "Procedures and Principles Regarding the Revaluation of Immovables and Other Depreciable Economic Assets".

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**NOTE 27 - 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. The earnings per share calculation for the years ended 31 December 2022 and 2021 as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Net profit attributable to the equity holders of the parent (TRY) (*) (A)	3,422,037,597	1,167,208,204
Weighted average number of shares (B)	32,375,000,000	32,375,000,000
Earnings per share (Kr) (A/B)	10.57	3.61

(\*) Amounts expressed in full Turkish Lira.

**NOTE 28 - RELATED PARTY DISCLOSURES**

**a) Short-term trade receivables:**

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

	<b>31 December 2022</b>	<b>31 December 2021</b>
Ak-Pa Tekstil İhracat Pazarlama A.Ş. ("Ak-Pa") (*) <sup>(1)</sup>	595,089	383,798
DowAksa İleri Kompozit Malzemeler San. Ltd. Şti. ("DowAksa") <sup>(2)</sup>	234,346	28,213
Akkim Kimya San. ve Tic. A.Ş. ("Akkim") <sup>(1)</sup>	89,195	33,028
Yalova Kompozit ve Kimya İhtisas Organize Sanayi Bölgesi ("Yalkim OSB") <sup>(4)</sup>	2,954	643
Sakarya Elektrik Perakende Satış A.Ş. ("Sepaş") <sup>(1)</sup>	-	13,879
Other	287	444
Less: Unearned finance income on credit sales (-)	(4,083)	(4,103)
<b>Total</b>	<b>917,788</b>	<b>455,902</b>

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

31 December 2022 and 2021, trade receivables 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 28 - RELATED PARTY DISCLOSURES (Continued)**

**b) Short-term trade payables:**

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

	<b>31 December 2022</b>	<b>31 December 2021</b>
Akkim <sup>(1)</sup>	78,812	27,599
Ak-Pa <sup>(1)</sup>	47,027	43,333
Yalova Kompozit ve Kimya İhtisas Organize Sanayi Bölgesi ("Yalkim OSB") <sup>(4)</sup>	19,681	6,337
Aktek Bilgi İşlem Tekn. San. ve Tic. A.Ş. <sup>(1)</sup>	5,500	2,001
Dinkal Sigorta Acenteliği A.Ş. (**) <sup>(1)</sup>	4,698	2,377
Akgirişim Müt. Müş. Çevre Tek. San. Tic. A.Ş. ("Akgirişim") <sup>(4)</sup>	2,347	12,863
DowAksa <sup>(2)</sup>	-	2,545
Other	647	538
<b>Total</b>	<b>158,712</b>	<b>97,593</b>

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

**c) Advances given:**

Advances given to related parties for the year ended as of 31 December 2022 and 2021 are as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Yalkim OSB <sup>(4)</sup>	15,097	4,846
Akgirişim <sup>(4)</sup>	-	15,737
<b>Total</b>	<b>15,097</b>	<b>20,583</b>

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

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

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**NOTE 28 - RELATED PARTY DISCLOSURES (Continued)**

**d) Sales:**

Sales to related parties for the years ended 31 December 2022 and 2021 are as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Ak-Pa (*) <sup>(1)</sup>	7,105,004	2,774,602
Akkim <sup>(1)</sup>	760,126	187,655
DowAksa <sup>(2)</sup>	553,013	129,219
Sakarya Elektrik Perakende Satış A.Ş. ("Sepaş") <sup>(1)</sup>	79,847	31,485
Akenerji <sup>(1)</sup>	23,177	5,039
Other	22,773	8,792
<b>Total</b>	<b>8,543,940</b>	<b>3,136,792</b>

(\*) 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.

**e) Purchases of goods and services:**

Product and service purchases from related parties for the years ended 31 December 2022 and 2021 are as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Akkim <sup>(1)</sup>	430,822	214,991
Yalkim OSB <sup>(4)</sup>	149,112	56,384
Ak-Pa <sup>(1)</sup>	91,170	42,698
Akgirişim <sup>(4)</sup>	73,391	107,329
Dinkal Sigorta Acenteliği A.Ş. (*) <sup>(1)</sup>	49,848	23,843
Akenerji <sup>(1)</sup>	37,280	6,760
Aktek Bilgi İşlem Tekn. San. ve Tic. A.Ş. <sup>(1)</sup>	31,184	18,957
Akkök Holding <sup>(3)</sup>	1,783	671
DowAksa <sup>(2)</sup>	-	19,860
Other	2,533	1,102
<b>Total</b>	<b>867,123</b>	<b>492,595</b>

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

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



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**NOTE 28 - RELATED PARTY DISCLOSURES (Continued)**

**f) Interest Income:**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Akiş <sup>(1)</sup>	-	2,907
<b>Total</b>	<b>-</b>	<b>2,907</b>

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

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

**g) Key management compensation:**

The Group defined its key management personnel as member of executive committee and board members. Benefits provided to key management personnel as of 31 December 2022 and 2021 are as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Wages and other short-term employee benefits	26,478	12,156
Provision for employment termination benefits	514	125
<b>Total</b>	<b>26,992</b>	<b>12,281</b>

Benefits provided to the Board of Directors, for the years ended 31 December 2022 and 2021 are as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Wages and other short-term employee benefits	2,801	1,678
Provision for employment termination benefits	-	-
<b>Total</b>	<b>2,801</b>	<b>1,678</b>

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**NOTE 29 - FINANCIAL RISK MANAGEMENT**

**Purposes and principles of risk management**

The Groups principal financial instruments are cash and cash equivalents, trade receivables and financial liabilities. The main purpose of these financial instruments is to generate financing resources for the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly 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.

***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of the counterparties. It is the Group policy that all customers who wish to trade on credit terms are subject to credit screening procedures and the Group also obtains collaterals from customers when appropriate. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Trade receivables are evaluated by management based on their past experiences and current economic condition and are presented in financial statements net of provision for doubtful receivables (Note 8).

**Trade Receivable Aging Analysis**

The Company has TRY142,931 provision (31 December 2021: TRY130,267) on their receivables and aging of the receivables which are overdue but not impaired are as follows:

<b>Trade Receivables</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
1-30 days overdue	151,048	96,403
1-3 months overdue	32,081	23,887
3-12 months overdue	2,771	6,611
More than 12 months overdue	198,366	180,662
<b>Total (*)</b>	<b>384,266</b>	<b>307,563</b>
<b>Secured with guarantees</b>	<b>303,276</b>	<b>276,856</b>

(\*) TRY78,934 of the amount has been collected as of the date of the report (31 December 2021: TRY112,885)

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**NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)**

As of 31 December 2022 the Group’s maximum exposure to credit risk is presented below:

31 December 2022	Trade receivables		Other receivables		Financial assets		Deposits in
	Related Parties	Other	Related Parties	Other	Related Parties	Other	banks Other
Maximum credit risk exposure as of reporting date	917,788	863,362	-	291	-	144,906	1,577,027
- Secured portion of maximum credit risk by guarantees (*)	556,186	745,195	-	-	-	-	-
Net book value of financial assets either are not due or not impaired	747,114	649,770	-	291	-	144,906	1,577,027
- Secured portion with guarantees	465,363	532,742	-	-	-	-	-
Net book value of the overdue or not impaired financial assets	170,674	213,592	-	-	-	-	-
- Secured portion with guarantees	90,823	212,453	-	-	-	-	-
Net book value of impaired assets	-	-	-	-	-	-	-
-Matured (gross book value)	-	142,836	-	-	-	-	-
-Impairment (-) (Note 8)	-	(142,836)	-	-	-	-	-
-Secured portion with guarantees	-	-	-	-	-	-	-
Off balance sheet credit risks	-	-	-	-	-	-	-

(\*) Guarantees taken from the related parties consist of Ak-Pa’s guarantees received from export customers.

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**NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)**

As of 31 December 2021 the Group's maximum exposure to credit risk is presented below:

31 December 2021	Trade receivables		Other receivables		Financial assets		Deposits in banks
	Related Parties	Other	Related Parties	Other	Related Parties	Other	Other
<b>Maximum credit risk exposure as of reporting date</b>	<b>455,902</b>	<b>828,371</b>	<b>-</b>	<b>1,013</b>	<b>-</b>	<b>-</b>	<b>2,835,473</b>
<b>- Secured portion of maximum credit risk by guarantees (*)</b>	<b>353,915</b>	<b>697,238</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net book value of financial assets either are not due or not impaired	352,749	623,263	-	1,013	-	-	2,835,473
- Secured portion with guarantees	267,654	505,945	-	-	-	-	-
Net book value of the overdue or not impaired financial assets	103,153	204,410	-	-	-	-	-
- Secured portion with guarantees	86,261	190,595	-	-	-	-	-
Net book value of impaired assets	-	698	-	-	-	-	-
- Matured (gross book value)	-	130,965	-	-	-	-	-
- Impairment (-) (Note 8)	-	(130,267)	-	-	-	-	-
- Secured portion with guarantees	-	698	-	-	-	-	-
Off balance sheet credit risks	-	-	-	-	-	-	-

(\*) Guarantees taken from the related parties consist of Ak-Pa's guarantees received from export customers.

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**NOTE 29 - 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 in the translation of the Turkish Lira. The exchange rate risk is monitored by 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:

	<b>31 December 2022</b>		<b>31 December 2021</b>	
	<b>TRY equivalent</b>	<b>USD equivalent (*)</b>	<b>TRY equivalent</b>	<b>USD equivalent (*)</b>
Assets	2,386,915	127,654	3,570,729	267,892
Liabilities	4,692,343	250,950	6,061,963	454,795
<b>Net balance sheet position</b>	<b>(2,305,428)</b>	<b>(123,296)</b>	<b>(2,491,234)</b>	<b>(186,903)</b>
Foreign currency denominated net position of derivative financial assets/(liabilities)	-	-	119,961	9,000
<b>Net Foreign Currency Asset/(Liability) Position</b>	<b>(2,305,428)</b>	<b>(123,296)</b>	<b>(2,371,273)</b>	<b>(177,903)</b>
Inventories considered under natural hedge (**)	2,120,750	113,419	1,503,552	112,803
Cash flow hedge (***)	1,365,714	73,039	991,376	74,377
<b>Net foreign currency position after hedge</b>	<b>1,181,036</b>	<b>63,162</b>	<b>123,655</b>	<b>9,277</b>

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

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

(\*\*\*) As of 31 December 2022, principal amount of loans amounting to USD23,891 thousand and EUR46,100 thousand (hedging instruments), were matched to the amount of future highly probable sales transactions (hedged items) to apply cash flow hedge accounting (31 December 2021: USD48,447 thousand and EUR22,909 thousand). As a result of the effectiveness test performed within this scope, the Group has determined that the entire transaction is effective. As of the reporting period, amounting to TRY137,809 (31 December 2021: TRY386,351) 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 29 - FINANCIAL RISK MANAGEMENT (Continued)**

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

	<b>31 December 2022</b>			
	<b>TRY equivalent</b>	<b>USD position</b>	<b>EUR position</b>	<b>Other</b>
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	-	-	-	-
<b>4. Current Assets (1+2+3)</b>	<b>2,303,569</b>	<b>91,951</b>	<b>29,305</b>	<b>32</b>
5. Trade Receivables	83,346	4,457	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>83,346</b>	<b>4,457</b>	-	-
<b>9. Total Assets (4+8)</b>	<b>2,386,915</b>	<b>96,408</b>	<b>29,305</b>	<b>32</b>
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	-	-	-	-
<b>13. Short-Term Liabilities (10+11+12)</b>	<b>3,615,977</b>	<b>164,389</b>	<b>27,152</b>	<b>880</b>
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	-	-	-	-
<b>17. Long-Term Liabilities (14+15+16)</b>	<b>1,076,366</b>	<b>14,335</b>	<b>40,549</b>	-
<b>18. Total Liabilities (13+17)</b>	<b>4,692,343</b>	<b>178,724</b>	<b>67,701</b>	<b>880</b>
<b>19. Off Balance Sheet Derivative Items'</b>				
<b>Net Asset/(Liability) Position (19a-19b)</b>	-	-	-	-
19a. Off balance sheet derivative asset amount	-	-	-	-
19b. Off balance sheet derivative liability amount	-	-	-	-
<b>20. Net Foreign Currency Asset/(Liability) Position (9-18+19)</b>	<b>(2,305,428)</b>	<b>(82,316)</b>	<b>(38,396)</b>	<b>(848)</b>
<b>21. Monetary Net Foreign Currency Assets/(Liabilities) Position (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(2,305,428)</b>	<b>(82,316)</b>	<b>(38,396)</b>	<b>(848)</b>
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	<b>46,100</b>	-

As of 31 December 2022, the Company has TRY1,181,036 (31 December 2021: TRY123,655foreign currency deficit, net) foreign currency surplus, net after natural hedge (page 61).

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**NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)**

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

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**NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)**

As of 31 December 2022 and 2021, the situations to reach of net foreign position in the Group's balance sheet with the changes in exchange rates are summarized in the table below:

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
<b>USD net effect</b>	<b>(109,244)</b>	<b>109,244</b>	<b>55,363</b>	<b>(55,363)</b>
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
<b>EUR net effect</b>	<b>15,357</b>	<b>(15,357)</b>	<b>(91,899)</b>	<b>91,899</b>
31 December 2021	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)	(245,767)	245,767	77,818	(77,818)
Amount hedged for USD risk	76,571	(76,571)	64,575	(64,575)
<b>USD net effect</b>	<b>(169,196)</b>	<b>169,196</b>	<b>142,393</b>	<b>(142,393)</b>
In case of 10% appreciation of EUR against TRY				
EUR net asset/(liability)	(14,008)	14,008	-	-
Amount hedged for EUR risk	34,562	(34,562)	34,562	(34,562)
<b>EUR net effect</b>	<b>20,554</b>	<b>(20,554)</b>	<b>34,562</b>	<b>(34,562)</b>



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**NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)**

***Interest Risk***

The Group is exposed to interest risk arising from the borrowings interest rate changes. According to balance sheet position of the floating interest rate financial liabilities as of 31 December 2022, other things being constant, if the interest rate depreciate/appreciate by 1%, profit before tax would TRY157 (31 December 2021: TRY50), capitalized financial cost on construction in progress would TRY15 (31 December 2021: TRY146).

**31 December 2022    31 December 2021**

Fixed interest rate financial instruments

Financial assets

<i>Cash and cash equivalents (*)</i>	<i>1,576,041</i>	<i>2,811,696</i>
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Financial liabilities

Lease liabilities	66,138	55,989
USD borrowings (fixed due to interest rate swaps)	950,387	2,579,338
TRY borrowings	280,381	-
EUR borrowings	804,298	-

**Floating interest rate financial instruments**

Financial assets

Financial investments held to maturity (Note 5)	144,906	-
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Financial liabilities

EUR borrowings	327,092	346,257
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(\*) Cash and cash equivalents consist of bank deposits with maturity less than three months

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**NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)**

***Liquidity risk***

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid. In the framework of liquidity risk management, funding sources are being diversified, and sufficient cash and cash equivalents are held.

The breakdown of financial assets and liabilities according to their maturities is disclosed considering from balance sheet date to due date period. Financial assets and liabilities that have no certain due dates are classified in over one-year column.

**31 December 2022:**

Expected or maturities per agreement	Book value	Contractual cash outflows	Up to 3 months	3-12 months	1-5 years	Over than 5 years
<b>Non-derivative financial liabilities</b>						
Financial liabilities	2,360,592	2,533,780	468,424	989,830	1,075,526	-
Trade payables	2,502,045	2,512,284	2,209,045	303,239	-	-
Lease liabilities	66,138	170,158	5,944	6,279	33,195	124,740
Due to related parties	158,712	158,712	158,712	-	-	-
	<b>5,087,487</b>	<b>5,374,934</b>	<b>2,842,125</b>	<b>1,299,348</b>	<b>1,108,721</b>	<b>124,740</b>

**31 December 2021:**

Expected or maturities per agreement	Book value	Contractual cash outflows	Up to 3 months	3-12 months	1-5 years	Over than 5 years
<b>Non-derivative financial liabilities</b>						
Financial liabilities	2,918,907	2,970,895	399,777	1,977,131	593,987	-
Trade payables	3,068,942	3,071,418	2,605,429	465,989	-	-
Lease liabilities	55,989	178,177	3,284	9,385	36,859	128,649
Due to related parties	97,593	97,593	94,764	2,829	-	-
	<b>6,141,431</b>	<b>6,318,083</b>	<b>3,103,254</b>	<b>2,455,334</b>	<b>630,846</b>	<b>128,649</b>

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**NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)**

**Import and export information:**

Import and export in TRY according to their original currency for the years ended at 31 December 2022 and 2021 are as follows:

<b>Export</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Euro	2,386,617	1,322,206
US Dollar	4,446,031	1,370,696
Other	2,606	-
<b>Total</b>	<b>6,835,254</b>	<b>2,692,902</b>
<b>Import</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
US Dollar	9,117,440	4,144,572
Euro	892,291	946,830
Other	10,336	7,892
<b>Total</b>	<b>10,020,067</b>	<b>5,099,294</b>

***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.

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**NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)**

The ratio of net debt to equity is as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Total monetary liabilities (*)	5,087,487	6,141,431
Less: Cash and cash equivalents (Note 4)	(1,577,515)	(2,835,689)
Less: Financial investments	(144,906)	-
<b>Net debt</b>	<b>3,365,066</b>	<b>3,305,742</b>
Total shareholders' equity	5,740,338	2,834,279
<b>Total capital</b>	<b>9,105,404</b>	<b>6,140,021</b>
<b>Debt/equity ratio</b>	<b>37%</b>	<b>54%</b>

(\*) It consists of short-term and long-term borrowings, short-term and long-term lease liabilities, trade payables to related parties and trade payables to other parties.

**NOTE 30 - FINANCIAL INSTRUMENTS**

***Fair value of financial instruments***

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

The following methods and assumptions are used to estimate the fair value of the financial instruments:

***Financial assets***

Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. These balances are anticipated to close their book value.

The carrying values of significant portion of cash and cash equivalents are assumed to approximate to their fair value due to their short-term nature.

The carrying values of trade receivables are assumed to approximate to their fair value.

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

**AKSA AKRİLİK KİMYA SANAYİİ A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

**NOTE 30 - FINANCIAL INSTRUMENTS (Continued)**

***Financial liabilities***

The fair values of short-term borrowings and trade payables are assumed to approximate to their carrying values due to their short-term nature.

The estimated fair values of foreign currency long-term borrowings are assumed to approximate to their carrying values due to bearing floating interest rates. The estimated fair values of long-term borrowings are calculated based on the effective market interest rates and the cash flow calculations are discounted accordingly (Note 7).

**Fair Value Estimation:**

Effective 1 January 2010, the group adopted the amendment to TFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that are, as prices) or indirectly (that are, derived from prices);
- Level 3: Inputs for the asset or liability that are not based on observable market data (that are, unobservable inputs).

<b>31 December 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial investments	-	144,906	-
Derivative financial assets for hedging purposes	-	28,292	-
<b>Total asset/(liabilities)</b>	<b>-</b>	<b>173,198</b>	<b>-</b>

<b>31 December 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Derivative financial assets for hedging purposes	3,022	5,827	-
<b>Total asset/(liabilities)</b>	<b>3,022</b>	<b>5,827</b>	<b>-</b>

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs are observable in terms of the fair value of a financial instrument is included in level 2.