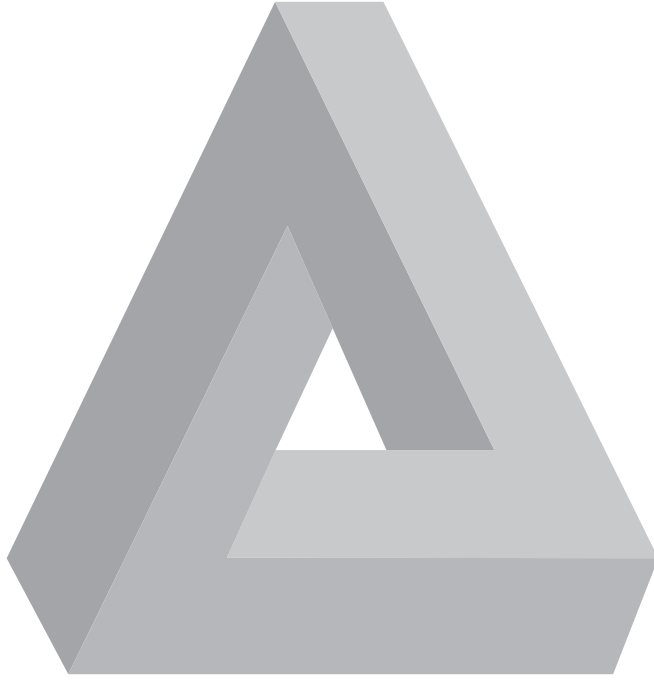


AKKÖK

HOLDİNG A.Ş.

2021



AKKÖK
HOLDİNG



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Appropriate investments, sustainable progress...

We invest in the future with
our services and products,
raising standards in the
Chemical, Energy and Real
Estate Industries.



ABOUT US

A beacon of established knowhow, financial strength and reliability...

Akkök Holding, whose foundations were laid in 1952 by the late Raif Dinçkök, one of the respected entrepreneurs of our country, is among the most well-established organizations in Turkey with its 69 years of experience. The Holding conducts operations in the fields of chemicals, energy and real estate, with 21 operational companies, four of which is overseas, and with 23 production plants. By closely following the trends in the world's markets and in its operating industries, Akkök Holding aims to catch up with the global competition, and achieve world-class standards together with all the companies under its roof.

World's giant companies from textile to chemistry

Aksa Akrilik Kimya Sanayi A.Ş. was founded in Yalova to meet the requirements for acrylic fiber in Turkey in 1968, and started production in 1971 with an annual capacity of 5000 tons. Becoming the largest acrylic fiber producer in the world with its investments and innovations, Aksa is a world giant with approximately 300 customers in 50 cities on 5 continents. With 1.300 employees, a production area of 590,000 square meters, and annual capacity of 330,000 tons, it is the largest acrylic fiber producer in the world and the only producer in Turkey. Thanks to its wide product range, Aksa supplies textile and technical textile raw materials to a wide range of fields, from carpet to upholstery, from sweater to socks, from yarn to hand knitting, from velvet to rugs, blankets, awnings and industrial filters.

Turkey's leading chemical manufacturer Akkim Kimya was established in Yalova in 1977. Akkim, which produces in 5 different locations with its more than a thousand personnel, has a special place in the chemical industry with its product variety. Akkim is a chemical company serving more than 70 countries in 6 continents with its wide product range including chlor-alkali and derivatives, peroxides, methylamines, persulfates, bisulphites, textile auxiliaries, concrete additives and plastic additives. The company, which is the market leader in many products in basic chemicals and performance chemicals, serves

the cleaning, hygiene, water treatment, textile, paper, construction, plastic, food, metal, energy, detergent, drilling, mining and chemistry sectors. The company has been selling some of its know-how and technologies to companies abroad since 2002 and offers many different services from engineering studies to turnkey commitments. Using its presence and synergy in the water treatment sector, Akkim entered the high-tech treatment sector with its ultrafiltration membrane module investment at its facility in Yalova. With its modern factory commissioned in 2016, it is the first and only manufacturer of this product in the region stretching from Europe to Asia. The company always attaches importance to inorganic growth opportunities. Akkim, whose subsidiaries include Akcoat and Dincox, acquired USK Kimya, one of the largest carboxymethyl cellulose producers of our country and the world, in the first months of 2021. In the last quarter of 2021, Akkim Silikon Kimya was established and it started the production of silicone polymers, which are high-tech products, in its Yalova facilities. Akkim Kimya, which signed the United Nations Global Compact in 2007, pioneering the spread of universal principles on the path of sustainable development, is one of the exemplary companies in the field of sustainability in the chemical industry.

Akcoat has been serving successfully on a global scale for nearly 50 years. It aims to be high quality, innovative and always productive by combining the power of this knowledge with its work experience that crosses the continents. Akcoat, which is the preferred brand in 65 countries in 6 continents, serves in 5 main groups: enamel, ceramic, glass, non-stick-decorative coatings and pigment. The company achieved 10% capacity expansion compared to last year. In addition, with its solutions in coating materials, it works with many international brands in many different disciplines such as white goods, small household appliances, architectural construction equipment, household and kitchenware, ceramic tile and glass industry, high-tech chemical industry.

Today, Akcoat manages production facilities in Turkey and Spain, and has sales representatives and technical services in the USA, China, Europe,

South America, Asia and Africa. The company adds strength to the country's economy by earning more than 50% of its annual turnover from exports, and has been the export leader in its sector for 12 years.

Determined to design the future as of today in exports, Akcoat's new goals include more than doubling its exports within 5 years. It aims to be the number one in the world in its field with its determined steps in R&D, digitalization and innovation.

Added value created by composite

DowAksa, the first and only carbon fiber producer in Turkey and one of the few in the world, provides carbon fiber composite solutions to industrial sectors, especially energy, transportation, defense and infrastructure. The company was established as a 50 percent equal joint venture with Dow Chemical Company and Aksa Akrilik San. DowAksa has combined the knowledge, experience and power of Dow, a pioneer in materials science and Aksa, the world leader in acrylic fiber. The company is one of the few fully integrated solution manufacturers in the sector with its product range from precursor to carbon fiber, from carbon fiber to resin, engineering solutions and know-how.

Epsilon Kompozit, which joined Akkök Holding in 2021, manufactures and assembles high-tech composite components and parts for various sectors, especially aviation. The company, which produces products with a very high export value per kilogram, has international business partners as well as domestic defense industry organizations. Akkök Holding aims to be a leader in the international race with Epsilon Kompozit, which generates 80% of its total sales through exports.

Real estate projects that add value to life

The company successfully carries out Akbatı and Akasya Shopping Center projects. Also, as an alternative to shopping center investments, it has street store projects on Bağdat Street. Akiş REIT made its first collaboration in street retailing with

Beymen, opened in 2017 for Uşaklıgil Apartment, and the second with Boyner store, opened in 2021. Akiş REIT made its first overseas investment in a housing project in England to diversify its portfolio. In addition to being a participant in the United Nations Global Compact, the world's largest corporate sustainability initiative, Akiş REIT has the highest Corporate Governance Rating among the companies listed on Borsa Istanbul in its sector. Akiş REIT took its place in the BIST Sustainability Index, which includes companies with high corporate sustainability performance. As of January 2022, it will be the only real estate investment company to be included in the index, which is updated every quarter. Akiş REIT also carries out cooperation and investment-oriented studies with startups in order to support innovation in retail and real estate, create synergy from the startup ecosystem and make the current business model sustainable.

Akyaşam Yönetim Hizmetleri A.Ş., a subsidiary of Akiş REIT, undertakes the management of the Akbatı project opened in 2011 and the Akasya project opened in 2014.

KidZania Istanbul was established in 2014 as the 16th of the world's KidZanias. KidZania, the Children's Country was established with the aim of providing a world where all children can learn while having fun and operates in 20 countries and 27 cities today. It serves all children between the ages of 1-14 in an area of 10,000 square meters in Akasya, Istanbul. It is a real city with more than 120 roles in 67 different activity areas with its bank, supermarket, fire department, hospital, earthquake simulation center, courier, stadium, streets and square. KidZania Istanbul is a special place where children aged 4-14 experience professions, socialize with their peers, and raise their competencies in many areas from financial literacy to social skills. KidZania supports the development of children's values such as responsibility, respect, cooperation, harmony, self-confidence, awareness and tolerance. As a UN Global Compact Supporter, KidZania Istanbul, adhering to its principles in the fields of human rights, labor, the environment and anti-corruption, received the 2020 Travellers' Choice award, the top award of TripAdvisor, with the comments and ratings of its guests.

Akmerkez, on the other hand, has been both the address for pleasant experiences and one of the city's favorite meeting points, with its exclusive brands, shopping, entertainment and food and beverage areas, which have been within its structure since 1993. Adding dynamism to the social life of the city, Akmerkez continues to add value to the lives of its guests with its award-winning project "Agriculture on the Terrace", which proves that a sustainable life is possible in the city, and its services such as click & collect, shopping delivery, cloakroom, cargo and trust, which it has renewed according to current needs. World award in 1996 presented by the International Council of Shopping Centers (ICSC), Akmerkez improves itself constantly with projects adding value to city life.

Turkey's energy

Starting its activities as an auto-producer group in the Akkök Group of Companies in 1989, Akenerji has been operating as an independent power generation company since 2005. With the 50-50 strategic partnership of Akkök Holding and CEZ, the Company has installed power of 1,224 MW.

Providing electricity supply services with the strategic partnership of Akkök Holding and the CEZ Group and authorized by EMRA, Sepaş Enerji is the official electricity supplier of Bolu, Düzce, Kocaeli and Sakarya regions. In addition to being the Supply Company in Charge, the Company provides power supply services to some 4 million people, as well as all major industrial, health care and the public sector organizations in the whole of Turkey.

Sakarya Elektrik Dağıtım A.Ş. (SEDAŞ) provides energy distribution services to more than 2 million customers in 5 different regional directorates in Sakarya, Kocaeli, Bolu, Düzce and Gebze and a total of 21 operation centers affiliated to these regional directorates. As of the end of 2021, the total amount of electricity distributed in SEDAŞ's operating region covering East Marmara stands at 10.3 billion kWh.

Always one step ahead with technology

Aktek was established in 2007 with the aim of guiding its customers, especially the Akkök group, by providing added value in the field of information technologies, to conduct feasibility studies, to come up with projects and to help them realize these projects economically and efficiently. According to the research on the "IT 500" list, Aktek ranked 94th in 2020 and 20th in System Integrator and Partner Services.

Privileged insurance service

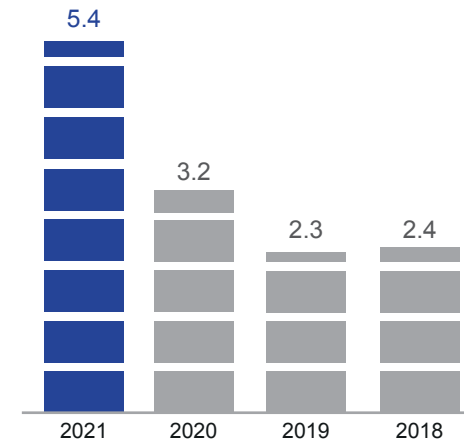
Since 1976, Dinkal Insurance (Dinkal Sigorta) successfully meets the needs and expectations of its customers and is among the preferred companies of the insurance industry with its privileged service approach. The company is among Turkey's respected industry players within the Akkök group.

Export leader

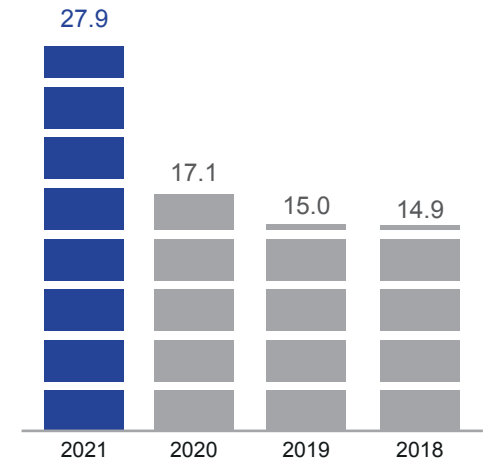
Ak-Pa was established in 1976 to carry out the overseas marketing and export activities of Akkök Holding companies. As one of Turkey's strongest exporting companies, it has mediated exports of USD 8.7 billion to more than 90 countries in 6 continents since its establishment. Akkök Holding companies Aksa Akrilik, Akkim Kimya, Akcoat and DowAksa export acrylic fiber, chemical products, enamel and ceramic frit, carbon fiber products to the world's large and medium-sized industrial establishments. Ak-Pa, which has the status of a Foreign Trade Company, follows the world markets closely with the synergy it has established with its producer sister companies and creates value for its stakeholders with its sectoral experience, service quality and the power it receives from Akkök Holding.

KEY INDICATORS

EBITDA
Combined (TL Billion)



Net Sales
Combined (TL Billion)



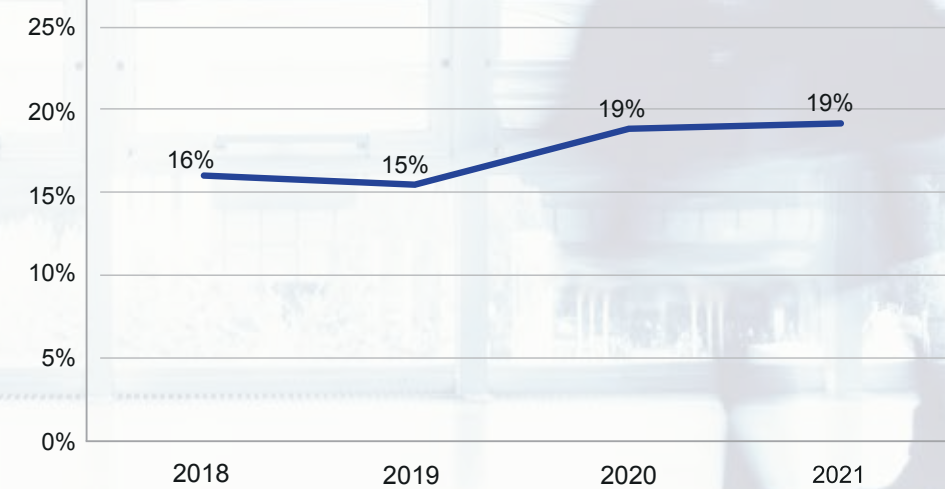
In 2021, Akkök Group announced a combined EBITDA of TL 5.4 billion.

⁽²⁾ In 2021, consolidated EBITDA amounted to TL 3.2 billion.

Akkök Group generated net sales of TL 28 billion.

⁽¹⁾ Consolidated net sales in 2021 amounted to TL 12.2 billion.

EBITDA Margin
Combined



⁽³⁾ Akkök Group achieved a combined EBITDA margin of 19% in 2021. Consolidated EBITDA margin for 2021 was 26%.

⁽¹⁾ Combined values are calculated as per the Regulatory Financial Statements of Akkök Holding A.Ş., as well as its Affiliates, Subsidiaries, and Jointly Controlled Entities, without being subject to elimination.

HISTORY AND DEVELOPMENT

Investments adding value to the Turkish economy and society from past to present...

1950's Aksu was established in Bakırk y, Istanbul in 1952, as the Holding's first industrial investment. It was followed by Ari  the same year, also established in Bakırk y. The establishment of Dinarsu was completed in Ey p, Istanbul in 1953. Dinkal A. ., a manufacturer and trader of yarn, was also founded in the same year.

1960-1970 Aksa was established in Yalova in 1968 and commenced production in 1971. The company started exporting in 1977. Akmeltem and Ak-Pa were established in 1976. Ak-Kim was established in 1977 and started production of sulfur dioxide.

1980's Foundations of Ak-AI Boz y k Plant were laid in 1982, and Akmerkez Etiler Ordinary Partnership was set up in 1985. Ak-Tops was established in 1986 and Aksa was listed on the ISE in March; Ak-AI was listed on the ISE in September of the same year. In 1986, Ak-Kim Organic Facility was founded and inaugurated. In 1989, Akenerji and Aktem were established and Ak-Kim started to produce methyl amines.

1990-1994 Dinkal was restructured as an insurance consultation and brokerage corporation and Ak-Kim started producing dimethylformamide for the first time in 1990. Aksu shares began trading on the Istanbul Stock Exchange ( MKB) in November of the same year.

Akmerkez was inaugurated on December 18, 1993. Ak-Kim signed the Responsible Care Program, becoming one of the first companies to implement the program in Turkey.

1995-1996 Akmerkez Lokantacılık launched Paper Moon and was later chosen as the "Best Shopping Center in the World" at a competition in Las Vegas.

1997-1999 In 1998, Akport launched the Tekirda -Trieste Ro-Ro line and Ak-Kim's Hydrogen Peroxide Facility became operational Ak-Kim inaugurated Turkey's first Hydrogen Peroxide plant. The following year, Akrom Ak-AI Textile Romania SRL was established.

2000-2002 In 2000, the Akrom Romania Plant started production, Akenerji was listed on the BIST in July. In 2000, Aksa switched to biological treatment with the Deep Tank system, the most advanced technology in water treatment, breaking new ground in Turkey. Ak-Kim started exporting its know-how and technology abroad during the same year.

2003-2004 Aksa Acrylic Egypt's foundations were laid in 2003 in Alexandria, Egypt. Aksa Acrylic established Fitco B.V. for its new investment plans. Aksu became the first Turkish company to participate in the Premiere Vision Fair. Akenerji Elektrik Enerjisi İthalat İhracat Toptan Ticaret A. . began commercial activities in 2004.

2005-2006 In 2005, Dinarsu was sold to Merinos Hali Sanayi Group and Akmerkez was listed on the BIST as of April of the same year. Aksa Akrilik Egypt also started production in 2005. In addition, Ak-Kim started producing paper chemicals, and Aki  was established in order to develop and manage Akk k Holding's real estate investments.

In 2006, Akenerji acquired Akkur Enerji  retim Ticaret ve Sanayi A. . and in September, Paper Moon opened a branch in Ankara. The same year, Ak-Kim launched the first sodiumpercarbonate facility in Turkey.

2007 Ak-Kim started production of concrete additive chemicals and signed the United National Global Compact together with Akk k Holding as an indication of their sustainability and the corporate citizenship concept.

Aktek was founded and Aki  started Akkoza's construction in partnership with Garanti Koza and Corio. The protocol for the construction of Yalova Raif Din k k Culture Center was signed. A book, "Yadig r-ı İstanbul", comprising photos of Yıldız Palace, was completed with contributions by Akk k Holding. SAF REIT, a subsidiary of Akk k Holding has been traded on BIST as of 2007.

2008	In 2008, the AKCEZ Consortium, a partnership between Akkök, Akenerji and the Czech Republic energy company CEZ Group, won the tender held by the Privatization Administration for Sakarya Elektrik Dağıtım A.Ş. (SEDAŞ), and conducted by the Republic of Turkey Prime Ministry Privatization Administration.	Akbatı Shopping Center, constructed by Akiş in Esenyurt, Istanbul opened its doors.	DowAksa USA is founded. 50% of c-m-p, the German prepreg producer is purchased.	The SCADE project was completed by SEDAŞ at the end of 2015. Sedaş Energy launched a first in the sector through online electricity sales on its website.
	While Aksa was awarded the Quality Association's (KalDer) National Quality Grand Prize, a groundbreaking ceremony was also held for Yalova Raif Dinçkök Cultural Center for which a construction agreement was signed the previous year.	Raif Dinçkök Culture Center opened for service.	Akenerji completed and commissioned Erzin Natural Gas Cycle Power Plant project.	Akiş GYO A.Ş. completes the Life Academy Project.
		2012 DowAksa was founded.	SEDAŞ commissioned its SCADA Project for remote monitoring of electricity and faster intervention in power failures in Kocaeli, Gebze and Sakarya.	Along with developing many value added projects approved by YTÜ Teknopark management in 2015, Aktek also creates a structure called Aktek Garage that structurally describes internal and external innovation philosophy.
		Deliveries for Akbatı Residences, an Akiş project located in İstanbul Esenyurt, were made. Akiş received the title of Real Estate Investment Trust.	Akiş GYO, Operations oriented toward high street retail gain impetus.	
		2013 It was decided to continue Ak-Tops Tekstil Sanayi A.Ş.'s activities under the umbrella of Aksa Akrilik Kimya Sanayii A.Ş.	Akasya Çocuk Dünyası A.Ş. (KidZania Istanbul) starts operations in April	2016 At the Corporate Governance Award Ceremony organized by TKYD, Aksa Akrilik wins the top award as the "Company with the Highest Corporate Governance Rating". Aksa Akrilik chooses to add a brand-new vision to acrylic fiber with its new brands; Acryluna, Acrysole, Acryterna and Acrylusion.
2009	In 2009, Akiş acquired the partnership shares of Garanti Koza and Corio in the Akkoza Project and became the 100% owner of Akbatı Shopping Mall and Akbatı Residences. Aksu and Ak-AI merged under the roof of Ak-AI. While Akenerji put into operations the Ayyıldız Wind Power Plant with an installed capacity of 15 MW in Bandırma, Balıkesir, Aksa Akrilik launched a carbon fiber production facility with a capacity of 1,500 tons/year. The Akkök Firefly Mobile Learning Unit project was launched in 2009 in Yalova.	Ak-Kim established Akferral. Ak-Kim obtained registration from the Ministry of Science, Industry and Technology as an R&D Center.	Akasya project's shopping center was commissioned by SAF REIT, of which Akiş has a 19.71% shareholding.	
		Aksa Acrylic became involved in the Turquality Project. DowAksa purchased the CarbonWrap work unit, offering carbon fiber composite solutions for infrastructure and building reinforcement.	2015 In line with the "Investment in the Future" strategy, the Company became the main sponsor of the Mamut Art Project for the first time in 2015.	The Global Composite Center in Yalova, financed under the joint project of TUSAŞ and DowAksa, which is also supported by the Undersecretariat for Defense Industries, is opened for service. Ak-Kim was accepted into the most prestigious and comprehensive incentive program in Turkey, Turquality.
		SEDAŞ carried out its demerger project with the establishment of Sepaş Energy.	Yalova Composite and Chemistry Specialized Improvement Organized Industrial Zone (YALKİM OSB), in which the Acrylic Based Composite, Advanced Material and Technology Manufacturers Association and Yalova Special Provincial Administration, Taşköprü Municipality and Yalova Chamber of Commerce and Industry are founding partners, was established on July 6, 2015 with the approval of the Ministry of Science, Industry and Technology.	The Company becomes the first to implement a virtual plant tender in Turkey. Akenerji becomes the only electricity production company to join the Carbon Disclosure Project (CDP) Turkey 2016 Water Program.
2010	All human resources departments within Akkök Holding were re-structured.	Akiş started trading on the Borsa Istanbul Corporate Products Market.	DowAksa and Ford sign a Joint Development Agreement (JDA) for production of carbon fibers that are suitable for affordable, high volume automotive applications.	Sepaş Enerji begins the SAP IS-U-CRM project, which will restructure all of its systems to offer the best customer experience, and enable management thereof with a technological infrastructure.
	Akenerji commissioned the hydroelectric power plants Akocak, Bulam, Burç, Uluabat and Feke II. The total electricity capacity of Polat Enerji's wind power plants yielding a production of 100 MW were procured.	Akasya and Akasya Housing Project became the first project to win the BREEAM certificate in Turkey.	Ak-Kim acquired 100% shares in Gizem Frit. The Ultrafiltration Project, one of Ak-Kim's key investments, was completed.	Akasya Culture and Arts Center in Akasya opened its doors in June 2016.
	The Tekirdağ- Muratlı railroad line connecting to the Akport Tekirdağ Port started to operate.	2014 Akkök Holding, First GRI approved sustainability report was published.	Gizem Frit, started the first non-stick coating production in 2014, and made its first export both in coating and ceramic frit in 2015.	2017 The Corporate Governance Rating, calculated by evaluating Aksa in terms of Corporate Governance Principles of the Capital Markets Board, was updated to 9.63, and it became the company with the Highest Corporate Governance Rating on the BIST
2011	Aksa Acrylic signed a partnership agreement with Dow Chemicals for strategic cooperation in carbon fiber.	Aksa Akrilik becomes the first corporation in its sector, and just the second in Turkey, to obtain the "Risk Management System Verification Certificate".	Project development and engineering work on the Kemah Hydroelectric Power Plant project were completed by Akenerji. Akenerji became the first and only energy company to report under the CDP Turkey Water Program.	
	Akenerji became the first Turkish company to be granted the Investors in People (IIP) Quality Certification. Akenerji participated in the Carbon Disclosure Project (CDP), becoming one of two Turkish energy corporations participating in the CDP.	The Joint Treatment Facility project was commenced along with Ak-Kim and DowAksa.		
		DowAksa Advanced Composites Holdings B.V. signs a three-party joint investment decision with Rusnano and Composite Holding (HCC) for the Composite Nanotechnology Center (NCC).		

2018

Corporate Governance Index for the second year running.

DowAksa signed a long-term supply agreement with Vestas Wind Systems A.Ş., one of the largest wind turbine producers in the world.

Ak-Kim purchased Dincox. The Company also purchased Feralco shares in Akferal, making it a 100% Ak-Kim affiliate.

Gizem Frit acquired one of the key players in the ceramic sector, Megacolor, in Spain at the end of 2017.

The additional capacity of 13.2 MW at Ayyıldız Wind Power Plant was activated, and the total installed capacity of the plant reached 28.2 MW.

SEDAŞ obtained the First R&D success award with its Remote Electronic Meter Reading Project, approved by the Energy Market Regulatory Board (EPDK) at the 3rd Energy R&D Workshop. SEDAŞ became a Corporate Tax Record Breaker in Sakarya.

Following the merger with SAF REIT on January 18, 2017, Akiş REIT became one of the most prominent players in the sector.

Aksa Akrilik raised its Corporate Governance Rating from 9.63 to 9.70 in the assessment made by the independent corporate rating company Saha. Securing the top spot again this year, it has acquired the grand prize for three consecutive years.

In 2018, Akiş REIT sold 7.36% of its shares to the European Bank for Reconstruction and Development (EBRD), gaining an internationally valuable stakeholder. By realizing a foreign investment for the first time, it became a partner in a housing project developed in London.

Gizem Frit received a R&D center certificate.

Ak-Kim Kimya commissioned its new performance chemicals facility with a capacity of 50,000 tons/year and started production.

2019

Aksa Acrylic has been shown among the companies that have been contributing to the development of the chemical industry for more than 50 years by The Chemical Manufacturers Association of Turkey (TKSD) and has been awarded with the “50th year” plaque.

This year as well, Aksa Acrylic emerged in the upper row of Turkey’s Top 500 Industrial Organizations list. It ranked 41st in the ISO 500 list known as the “Giants League”.

The Company received the second prize by raising its Corporate Governance Rating from 9.70 to 9.72.

The production capacity of Aksa was determined as 330,000 ton/year as a result of the efforts to create the optimum production track.

Ak-Kim Kimya was awarded the Silver Recognition level in the sustainability assessment of the global supply chain in the field of corporate social responsibility made by EcoVadis.

Ak-Kim Kimya was selected as the National Champion in the innovation category at the European Business Awards.

Ak-Kim Kimya completed the TfS (Together for Sustainability) Sustainable Supplier audit with a high score.

Ak-Kim Kimya R&D Center received the 2nd prize in the evaluation of the Ministry of Industry and Technology.

Akiş REIT successfully completed the issuance of TL100 million nominal, 2-year maturity, variable interest bonds.

The Corporate Governance Rating of Akiş REIT has been determined as 9.62.

Akiş REIT has completed the necessary applications to join the UN Global Compact, the world’s largest corporate sustainability initiative, with over 9,500 companies and more than 3,000 non-company members in over 60 countries.

Akiş REIT was accredited by the TÜV Thüringen e.V. (German Accreditation Agency

- DAKKS) and received the ISO 27001: 2013 Information Security Management System Certificate.

At The One Awards that are awarded to companies that have raised their reputation the most every year, Akenerji added one star to its award as the recipient of the first prize for the second time in a row.

The ISO 9001: 2015 Quality, ISO 14001: 2015 Environmental Management Systems recertification audits for Akenerji Head Office, Ayyıldız WPP, Uluabat HEPP, Burç HEPP, Bulam HEPP, Feke I HEPP, Feke II HEPP, Himmetli HEPP, Gökkaya HEPP and Erzin NGCCPP were performed successfully and documents were renewed. According to the ISO 45001: 2018 Occupational Health and Safety standard, which replaces the OHSAS 18001: 2007 Occupational Health and Safety standard, the General Directorate and all power plants are documented and Akenerji became one of the first companies to implement the ISO 45001: 2018 standard.

The continuity of the ISO 27001: 2013 Information Security Management Systems documents was affirmed.

The ISO 50001: 2018 Energy Management System practices started in all plants. In this context, by determining the energy consumption and evaluating the performance, targets were set to reduce consumption and make improvements.

Having achieved R&D success in cost reduction projects, DowAksa has strengthened its supply network in 2018 and 2019 by adding alternative local suppliers to the supply chain.

Gizemfrit continued to be on the Fortune 500 (Turkey) and ISO 500 lists in 2019. Also, as it has been in the last 11 years, it ranked first once again with its exports figure this year in the “Paint, Varnish and Inks” category at the “Star of Export” awards organized by the Association of Istanbul Chemical Products and Goods Exporters.

Gizemfrit continued to invest in human resources in 2019 as well. In order to enhance the qualifications and skills of its employees, it established the Gizemfrit

Academy in partnership with Sabancı University and cultivated a sustainable education model within its own organization.

SEDAŞ, by signing the United Nations Women’s Empowerment Principles (WEPs) within the scope of “Forget the Gender” Project, which it has carried out in terms of gender equality and equal opportunities and gained momentum in 2019, has committed its resolution and support in this regard.

Paper Moon Istanbul, was awarded the “Diploma of Good Cuisine” prize in September 2019 issued by the “Accademia Italiana Della Cucina” established for the development of cultural and trade relations in the areas of gastro-economy and gastrotourism between Italy and Turkey. Paper Moon Executive Chef Giuseppe Pressani received the award on behalf of Paper Moon.

2020

Ak-Kim Kimya raised the Silver Awareness level to the Gold Awareness level in the sustainability assessment of the global supply chain in the field of corporate social responsibility conducted by EcoVadis.

Ranking 252nd in the ISO 500 ranking, Ak-Kim Kimya has moved up 100 places in the last five years.

Ak-Kim Kimya was entitled to receive the TSE Covid-19 Safe Production Certificate after passing the TSE inspection.

Akiş REIT became a participant in the UN Global Compact, the world’s largest corporate sustainability initiative.

Akiş REIT has the highest Corporate Governance Rating in its sector with a score of 9.63 among the companies listed on Borsa Istanbul.

Akiş REIT became one of the supporters of the ‘Innovate21st’ Investment and Acceleration Program for startups that offer digital solutions in the retail field.

Akasya and Akbatı received the Covid-19 Safe Service Certificate issued by the Turkish Standards Institute (TSE).

Akasya and Akbatı obtained the TÜV SÜD certificate and registered their hygiene standards.

By obtaining the ROYAL CERT Certificate, Akasya and Akbatı once again proved their reliability in terms of compliance with SAFE Covid-19 requirements within the scope of retail and service. We certify that we have raised our hygiene standards and measures to the highest levels for the safety of both our guests and our employees, with the documents we have received.

In the category of Yıldız Akköklüler Operational Excellence, Akasya and Akbatı's project, "Establishing high hygiene standards in the fight against Covid-19 in shopping malls and reducing the risk to zero - Peace of mind at Akasya and Akbatı", was deemed worthy of an award.

In 2020 too, we were in the Fortune 500, ISO 500 and Capital 500 lists. We rose to the first place in the list of "Companies with Rising Profit Before Interest and Tax", which lists the fastest growing companies in Fortune 500.

Akenerji's social responsibility project "Akenerji By Women's Side" in the Feke District of Adana was deemed worthy of an award at the 3rd Energy and Natural Resources Summit of Turkey.

Competing in the "The Stevie Awards for Great Employers" category, Akenerji was deemed worthy of 2 separate awards. Akenerji was granted the bronze award in the "Most Valuable HR Team" category thanks to its human resources efforts to combat the coronavirus epidemic and a silver award in the "Most Valuable Employer" category.

Akenerji for all power plants, ISO 9001: 2015 Quality, ISO 14001: 2015 Environment, ISO 45001: 2018 Occupational Health and Safety, ISO 50001: 2018 Energy and ISO 27001: 2013 Information Security Management Systems audits were successfully carried out.

Akenerji maintained its place in the index in which companies traded on Borsa Istanbul and possessing high corporate sustainability performances are included.

Akenerji's CDP (Carbon Disclosure Project) Climate Change report was scored above the European and Global Average of C at the B-"Management" level, and the CDP (Carbon Disclosure Project) Water Report was scored at the B-"Management" level.

The greenhouse gas emissions of the Erzin Natural Gas Combined Cycle Power Plant for 2019 were verified by the verification body authorized under both the Regulation on Monitoring of Greenhouse Gas Emissions and the ISO 14064 Greenhouse Gas standard. The Environmental Permit Certificate of the power plant has been renewed.

As of the end of 2020, all our power plants have been awarded the Basic Level Zero Waste Certificate by the Ministry of Environment and Urbanization.

Paper Moon Istanbul took its place with 4 pearls in the 2020 'Pearl Gastronomy Guide' prepared with Turkey's first and only unique gastronomy rating system.

2021

Akkök Holding and its Group Companies ARD Holding A.Ş. and NDÇ Holding A.Ş. buy 51% of Epsilon Kompozit Teknoloji ve Savunma Sanayi A.Ş. This company produces, assembles, sells and exports high-tech composite components and parts for various sectors, especially aviation, and carries out research and development activities in these areas.

Aksa Akrilik undersigned a yarn factory investment in order to set a model for the sector in its 50th year of production. A new facility of 20,000 square meters is commissioned for Aksafil, which will produce for sectors such as knitwear, active wear, technical textiles and hand knitting.

Aksa Akrilik announces three more high-tech brands to the world.

The success of Aksa Akrilik, which it has achieved with its corporate management approach, is registered once again. At the "11th Corporate Governance Awards", organized by the Corporate Governance Association of Turkey, it receives the title of "The second Company with the Highest Corporate Governance Rating" and has its name written on the award for the 6th time.

The Banking Regulation and Supervision Agency (BRSA) ranks companies that use foreign currency loans of TL 500 million or more. After the evaluation made by JCR Eurasia, Aksa Akrilik's credit rating is announced as "AA Stable".

Akenerji becomes the first Turkish company to register on the European Energy Exchange, Europe's largest energy exchange.

Paper Moon opens its doors for those who want to have a special dining experience at Akfen Bodrum Loft in Gölterkbükü during the summer season. While bringing the fine dining service concept that does not compromise on quality with its classic menu to Bodrum, Paper Moon also offers a "comfort food" concept with the "Paper Moon Bodrum Loft by the Beach" menu all day, highlighting seasonal, daily, fresh and local flavors.

As a result of its efforts in 2021, Akiş REIT is entitled to be the only Real Estate Investment Trust to be included in the Borsa Istanbul Sustainability Index as of the beginning of 2022.

Akiş REIT's Corporate Governance Rating rose to 96.33 in 2021. Akiş REIT once again proves its difference in corporateness and transparency by having the highest Corporate Governance Rating among companies operating in the real estate sector in Turkey.

Akasya and Akbatı shopping centers are certified in accordance with DAKKS German Accreditation for integrated "ISO 45001 Occupational Health and Safety" and "ISO 14001 Environmental Management System".

Akasya and Akbatı shopping centers receive the I-REC International Renewable Energy Certificate issued by IRECS International in order to promote renewable energy investment and use.

Ak-Kim Kimya's corporate name was changed and registered as Akkim Kimya San. ve Tic. A.Ş.

A share transfer agreement is signed with USK Kimya and the merger process is completed within Akkim Kimya.

Akkim Kimya's 2018-2019 Sustainability Report is deemed worthy of the Platinum Award by LACP (League of American Communications Professionals LLC).

Akkim Kimya ranks 120th in the Turkishtime R&D 250 Research, becoming the 21st company that carries out the most projects and the 50th company that has received the most patents.

Akkim Silicon Chemistry company is established within Akkim Kimya.

In 2021, Ak-Pa realizes the record export of its history with a group export of USD 452 million, thanks to the changing world conditions after the pandemic and the advantage of Turkey's logistics location.

Akkök Holding and energy group companies start a new project called "Women's Energy". The Women's Energy project, which includes various trainings, conversations and workshops, mentoring, internship and scholarship opportunities, is implemented simultaneously by Akenerji, SEDAŞ and Sepaş Enerji. The target audience of the project, which aims to raise female employment in the energy sector and to support female employees in their career journeys, is secondary school, high school and university students, as well as women working in the energy sector.

MESSAGE FROM THE CHAIRMAN



Raif Ali Dinçkök
Chairman of the Board of Directors and
Executive Board Advisor

Dear stakeholders,

After 2020, which was difficult due to the Covid-19 pandemic, 2021 started with an optimistic outlook, with the success of vaccination works. As the effects of the pandemic gradually diminished, signs of recovery were seen in economic activities. As a result of this recovery, an impressive global growth rate of around 6 percent was achieved in 2021. However, this rapid growth also brought some negative consequences. Increasing demand could not be met due to disruption in global supply chains and supply-side bottlenecks, and commodity prices, especially energy, rose to record levels. In addition, at the beginning of 2022, Russia's military operation against Ukraine led to a further hike in prices. As a result, global inflation has become a significant risk factor. Inflation in the US has reached 7% and tested its highest level in the last 40 years. In the European region, inflation rose to 5 percent, the highest level since 1997.

Countries that first applied for monetary expansion to reduce the effects of the pandemic, switched to tight monetary policy from the middle of 2021 in the face

of the prevailing inflationary environment. While the central banks of countries such as England, Brazil and Norway were raising interest rates, the American Central Bank (FED), which gave interest rate hike signals for a long time, started to raise at the beginning of 2022. In this context, it is thought that 2022 will be a year when monetary abundance will come to an end and interest rate hikes will be crucial. This situation will pose a risk factor for developing countries like our country. In addition, other steps to be taken around the world in order to solve the inflation problem, which is understood to be not temporary, the security of supply of commodities, the food crisis and the effects of the Russia-Ukraine war will be followed up with priority. Leading indicators point to a serious slowdown in global growth in 2022.

In our country, with the policies implemented by the Central Bank at the end of 2020, 2021 started with a positive economic outlook. However, due to the fragile macro environment towards the end of the year, exchange rates and CDS premiums rose. Inflation, which stood at 36% in December, reached its highest level since 2002. Unlike many other countries, the reduction

With an understanding of a sustainable world, we prioritize progress with innovative projects and investments in which we can create added value for our country and our stakeholders in all sectors in which we operate, and we carefully monitor development opportunities in these areas.

of interest rates played an important role in this situation. Despite the annual growth rate of 11%, problems such as high inflation, fluctuations in exchange rates and unemployment cause macro fragility and stagflation risk in our country.

On the other hand, in 2021, the importance of sustainability began to be better understood both in the world and in Turkey. It has been seen that critical issues such as the pandemic and climate crisis can only be overcome with a sustainable, environmentalist, innovative and agile approach. The international consensus reached on urgent agenda items such as combating climate change and exiting the pandemic was promising. In this context, the decisions taken at the United Nations Climate Change Conference and the Turkey Green Reconciliation Action Plan prepared by our country, which ratified the Paris Climate Agreement, were among the valuable steps of 2021. As a signatory to the United Nations Global Compact, we will continue to fulfill our environmental and social responsibilities with a global cooperation approach. In line with the ideal of sustainable development, we aim to reach universal standards by always taking Akkök Holding's performance one step further.

With an understanding of a sustainable world, we prioritize progress with innovative projects and investments in which we can create added value for our country and our stakeholders in all sectors in which we operate, and we carefully monitor development opportunities in these areas. With this approach adopted by our group companies, we closely monitor technological developments. We focus on organic and inorganic investments that are in line with our long-term sustainable growth targets, will add value to the Akkök Group and expand our contribution to the national economy. In this context, we made two strategic acquisitions and included USK Kimya and Epsilon Kompozit, which are the leaders of their sectors in Turkey, into our group. At Akkök Group, we aim to make these companies global leaders, and we are constantly

working in this direction. While we are developing new investments we have added to our portfolio, we are constantly reviewing our portfolio and examining many new investment opportunities. In this context, we wish to add synergetic investments that are strategically compatible with our portfolio in the coming years.

As a result of all these efforts, we, as Akkök Holding, achieved a combined turnover of TL 28 billion in 2021, despite macro and micro uncertainties. Our combined EBITDA level grew by 66% to TL 5.4 billion. In addition, our exports increased by 62% in dollar terms and reached USD 613 million. During this period, we were deemed worthy of many awards and we once again experienced the pride of taking part in the research surveys that list Turkey's largest industrial enterprises.

In line with our goal of creating added value for our country and our stakeholders in the chemical, energy and real estate sectors, our main business lines, I would like to thank our valuable employees who contributed to our growth and carried Akkök Holding into the future, and all our stakeholders who did not spare their support in this difficult year.

Sincerely,

Raif Ali Dinçkök
Chairman of the Board of Directors and
Executive Board Advisor

MESSAGE FROM THE PRESIDENT OF THE EXECUTIVE BOARD



Ahmet C. D rd nc 
Chairman of the Executive Board
and Member of the Board of Directors

Dear stakeholders,

In 2021, which was recorded as the year of recovery during the pandemic, Turkey grew by 11% compared to the previous year, when economic activities were deeply affected. With the start of interest rate cuts in the last quarter of the year and the implementation of the new economic model, export-led growth was targeted by creating a competitive currency, increasing production and employment. Thus, although a current account surplus was predicted thanks to the record export levels reached during the year, the expected decline in the current account deficit did not materialize due to the commodity price increases which also inflated imports. On the other hand, the December inflation rate came out as 36%, the highest level since 2002. Globally, signs of recovery were observed in economic activities due to the rapid spike in demand, which was postponed in the previous year, especially as of the second half of the year. However, it was observed that this rapid recovery on the demand side could not be met due to the deterioration in the global supply chain and the supply-side bottleneck.

Despite the counter winds created by the adverse economic conditions in our country and in the world, at Akk k Holding, one of the most rooted industrial organizations of our country with its 70 years of experience, we are taking firm steps forward in line with our goal of catching up with global competition conditions and reaching world standards with all our companies. While we grow with the understanding of sustainable development in all the sectors in which we

operate, we continue to add strength to Turkey's strength in areas such as production, employment, exports and innovation.

As in previous years, we focused on investments in line with our long-term goals and completed acquisitions and projects in line with our core business lines in 2021. In this context, we purchased 51% of Epsilon Kompozit, which produces high-tech composite parts for various sectors, especially the aerospace and defense industry, and exports to world giants such as Airbus, Bell and KAI. With Epsilon, which exports 90 percent of its sales, we aim to reduce foreign dependency in composites and to support Turkey's employment and development. We have determined our future target in this field as growing in the international arena.

Akkim Kimya, one of our group companies, bought and incorporated USK Kimya, one of the world's largest carboxymethyl cellulose producers. Similar to 2021, we will continue to evaluate organic and inorganic growth opportunities both at home and abroad in 2022. Our investments will continue in all areas, especially in the chemical and energy sectors. In addition, our target in 2022 will be to focus on innovative products and technologies that can create a competitive advantage in challenging macro conditions.

While our chemical group companies continued their organic and inorganic investments in 2021, as in previous periods, they considered sustainability and circular economy among their priority issues. Our companies also

At Akk k Holding, we will continue to create value for our country with a combined turnover of TL 28 billion, an export figure of TL 5.6 billion and 23 production facilities.

displayed a strong financial performance despite the volatile economic environment throughout the year. The world's leader and Turkey's only acrylic fiber producer, Aksa Akrilik, expanded its EBITDA profit by 85% and completed 2021 with financial success. In line with its primary targets in 2021, the company reached high sales volumes in brands such as Acrycycle, Acrysole, Acrylusion, Armora and Acrybella to ensure that Aksa brands reach end users. It also commissioned the first phase of a new yarn facility investment worth USD 27.5 million bearing the Aksafil brand. DowAksa, a 50% subsidiary of Aksa and one of the first and only carbon fiber producers in Turkey and one of the few in the world, successfully managed 2021 and closed the year with a growth of 30%. DowAksa entered 2022 by putting on its agenda the investments that will significantly expand its production capacity in order to meet the rising demand.

One of Turkey's largest chemical manufacturers, Akkim Kimya, after completing the acquisition of USK Kimya at the beginning of 2021, established Akkim Silicon Kimya company for the production of high-tech silicone polymers in line with its sustainable growth targets and put it into operation at the end of the year. In addition, Akkim plans to start a large facility investment this year that will reduce the current account deficit of our country.

Akcoat, one of Akkim's subsidiaries, produces in 5 different categories: enamel, ceramic, glass, non-stick - decorative coatings and pigments. In order to develop value-added products in the field of chemical coatings and to strengthen the creativity of its employees with teamwork, Akcoat established a new R&D Center on an area of 10,000 m². Last year, 86 projects were worked on at Akcoat R&D Center within the scope of the T B TAK University-Industry Cooperation Support program. Patent applications were made for 25 products that emerged as a result of these projects.

Distinguished from its competitors in the real estate sector with its qualified and diversified portfolio structure, Ak  REIT reached occupancy rates of 97% in Akbatı and 95% in Akasya in 2021. The company completed the construction process of the Erenk y Apartment project and leased it to a prominent retail group in Turkey, as part of its high street retail investments, which it started to diversify and raise its rental income. Investing in innovative startups in line with the changing world order, Ak  REIT stepped into the crypto world with the production of utility-based tokens at the beginning of 2022. The company has also earned the right to be the only REIT to be included in the Borsa Istanbul Sustainability Index this year, with its sustainability efforts in 2021.

Akmerkez Shopping Mall, one of the distinguished meeting points of Istanbul, continued to develop projects that will raise its brand value while maintaining its dividend performance in 2021. The local agriculture project

"Agriculture on the Terrace", in line with the sustainable world theme, reached a large customer base in 2021 thanks to the cooperation of the gastronomy departments of universities and volunteers.

Akenerji, one of the most established companies in Turkey with its 33 years of experience in the energy sector, continued to operate its existing power plants optimally according to market prices and to develop new projects that will create added value in 2021 as well. Akenerji succeeded in becoming the first Turkish company to be registered in the European Energy Exchange, the largest energy exchange in Europe. The transaction volume of the company in electricity trade reached approximately 5.4 TWh by the end of 2021, expanding some 10 times compared to the previous year.

Electricity distribution and retail companies SEDA  and Sepa  Enerji implemented initiatives that will make their current business models efficient and support innovative projects in 2021. Sepa  Enerji strengthened its digital infrastructure and developed online payment channels, so that half of its customers are now able to transact with online payment channels. Focusing on values such as innovation and agility, the company has also implemented the in-house entrepreneurship project called "Sepas X Young Entrepreneurship". SEDA , on the other hand, started to take the first steps towards the goal of making TL 3 billion of investments in 5 years by getting approval from official institutions in order to increase its investments 3 times in the 2021-2025 new tariff period in energy. Continuing its work in the fields of digitalization, sustainability and infrastructure, the company also continues to offer professional internship opportunities to young talents in its service region with the "Stargate" project, created in order to strengthen the employer brand and with the aim of raising employment.

In 2021, at Akk k Holding, we grew our combined turnover to TL 28 billion. In addition, we increased the share of our exports in total turnover by 3% and reached a total export figure of TL 5.6 billion. Working on innovative projects that will contribute to Turkey and create added value will always be among our priorities. I would like to extend my sincere thanks to all our stakeholders, employees, business partners and shareholders who have supported us.

Sincerely,

Ahmet C. D rd nc 
Chairman of the Executive Board
and Member of the Board of Directors

BOARD OF DIRECTORS



Raif Ali Din k k
Chairman of the Board of Directors
and Executive Board Advisor



Nil fer Din k k  ift i
Assistant Chairman of the Board of
Directors



Ahmet Cemal D rd nc 
Member of the Board of Directors
and Chief Executive Officer



Mehmet Ali Berkman
Member of the Board of Directors



Alize Din k k
Member of the Board of
Directors and Member of the
Executive Board



 zlem Ata nal
Member of the Board of
Directors and Member of the
Executive Board



Mehmet Emin  ift i
Member of the Board of
Directors and Member of the
Executive Board



Melis  ift i
Member of the Board of Directors

AKKÖK HOLDING BOARD OF DIRECTORS

Raif Ali Dinçkök

Chairman of the Board of Directors and Executive Board Advisor

Born in Istanbul in 1971, Raif Ali Dinçkök graduated from Boston University (USA), Department of Business Administration in 1993, and subsequently started working at Akkök Holding. Mr. Raif Ali Dinçkök continued his career in the Purchasing Department of Ak-Al Tekstil San. A.Ş. between 1994 and 2000, and later served as Coordinator of Akenerji Elektrik Üretim A.Ş. from 2000 to 2003. Prior to his current position as the Chairman of the Board of Directors at Akkök Holding A.Ş., he served as a Member of the Board of Directors and Vice Chairman of the Executive Committee at Akkök Holding A.Ş. Mr. Raif Ali Dinçkök has served as the Chairman of the Board of Aksa Akrilik, Ak-Kim, Akiş REIT and Akmerkez REIT, as well as a Member of the Board of Directors in other companies within Akkök Holding. He also works as Akkök Holding Executive Board Advisor.

Nilüfer Dinçkök Çiftçi

Assistant Chairman of the Board of Directors

Born in Istanbul in 1956, Nilüfer Dinçkök Çiftçi graduated from Lycée Français Sainte Pulchérie in Istanbul in 1970. She continued her education in Switzerland, where she later graduated from St. Georges School in 1976. Assistant Chairman of the Board of Directors of Akkök Holding A.Ş., Nilüfer Dinçkök Çiftçi is acting on the Board of Directors of Akkök Group Companies.

Mehmet Ali Berkman

Member of the Board of Directors

Born in Malatya in 1943, Mehmet Ali Berkman graduated from Middle East Technical University, Continuing his education in the USA as a TEV Scholar, Mr. Berkman received his MBA from Syracuse University, USA, concentrating on Operations Research. Mr Berkman joined Koç Group in 1972, and assumed the role of General Manager in MAKO, Uniroyal, DÖKTAŞ and Arçelik respectively. Subsequently he worked as Head

of Strategic Planning, Human Resources and Industrial Relations, and left the Group on December 31, 2003 due to the Group's retirement policy. In September 2005, he assumed the position of Member of the Board of Directors and Chairman of the Executive Board of Akkök Holding A.Ş. He also served as Member and Chairman of the Boards of Directors of other Group companies. Mr. Mehmet Ali Berkman, who handed over the Akkök Holding Executive Board Chairmanship as of January 1, 2013, continued his duty as Akkök Holding Executive Board Advisor until the end of 2019.

In addition to his duty as Akkök Holding Board Member, Mr. Berkman continues his duty as DowAksa Board Member.

A member of TÜSİAD, TEGEV, KalDer, Turmepa, Fenerbahçe Sports Club and METU Alumni Association, Mr. Berkman is also a member of the Presidential Board of the Board of Trustees of the Istanbul Erkek Lisesi (High School) Education Foundation, a member of the Board of Trustees of the Turkish Education Foundation, and a member of the DEIK Turkish-American Business Council and Czechia Business Council.

Ahmet Cemal Dördüncü

Member of the Board of Directors and Chief Executive Officer

Born in Istanbul in 1953, Ahmet C. Dördüncü, graduated from Çukurova University, Department of Business Administration. Later, he pursued his postgraduate studies at Mannheim and Hannover Universities. Mr Dördüncü began his professional career at Claas OHG Company in Germany, and after returning to Turkey, he worked at Mercedes Benz A.Ş. between 1984 and 1987. He joined Sabancı Group in 1987, and assumed several positions at Kordsa A.Ş. until 1998. Mr. Dördüncü served as General Manager/President at DUSA South America, and later at DUSA North America in 1998. After working as Group President of Strategic Planning and Business Development at Sabancı Holding A.Ş. in 2004, he assumed the position of Chairman of the Executive Board of Sabancı Holding from 2005 to 2010. Mr. Ahmet

Cemal Dördüncü, Chairman of the Executive Board of Akkök Holding since January 2013, also serves as the Chairman of Akenerji, Akcez and Akcoat, Deputy Chairman of Aksa Akrilik, Ak-Kim Kimya and Akiş REIT, and Member of the Board of Directors of various Akkök Holding Companies. Mr. Dördüncü is the Chairman of the United Nations Global Compact Turkey. He is also a Member of the Board of Directors in International Paper Co. companies. He speaks English, German and Portuguese.

Alize Dinçkök

Member of the Board of Directors and Member of the Executive Board

Born in Istanbul in 1983, Alize Dinçkök graduated from the Department of Business Administration and Economics at the Sawyer School of Management of Suffolk University in 2004. She attended Harvard Business School General Management Program and completed it successfully. In 2018, she graduated from the Innovative Thinking Program at MIT Sloan School of Management. She started her career in 2005 as a Strategic Planning Expert at Ak-Al Tekstil Sanayi A.Ş. She joined Akiş Gayrimenkul Yatırımı A.Ş., when the Company was setup in 2005. Here she worked as Project Coordinator, Sales and Marketing Manager, and Assistant General Manager for Sales and Marketing respectively. Member of the Board of Directors and Executive Board Member of Akkök Holding A.Ş., Alize Dinçkök acts as Chairman of the Board of Directors of Akmerkez Lokantacılık, Ak-Pa, and also serves on the Board of Directors of various Akkök Group Companies. Alize Dinçkök also manages the Akkök Group Marketing Platform established in December 2015.

Mehmet Emin Çiftçi

Member of the Board of Directors and Member of the Executive Board

Mehmet Emin Çiftçi was born in Istanbul in 1987, and graduated from Istanbul Ticaret University Faculty of Business Administration. He started his professional life in the Department of Budget Planning and Reporting in Ak-Kim Kimya Sanayi ve Ticaret A.Ş., and completed his Business Administration education in UCLA Extension (UCLA). Mr. Mehmet Emin Çiftçi completed the MBA program at the Institute of Business at Özyeğin University in 2018. Mr. Mehmet Emin Çiftçi is a Member of the Executive Board of Akkök Holding as of 2020, as well as Akkök Holding Board Member. He also serves on the Boards of various Akkök Holding Companies.

Melis Çiftçi

Member of the Board of Directors

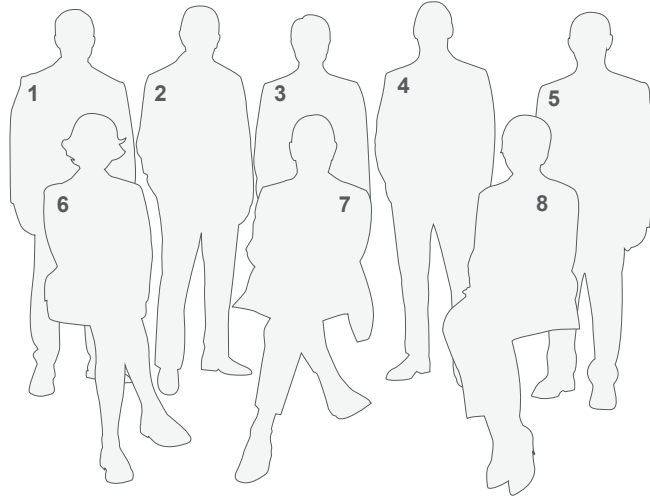
Born in 1978 in İstanbul, Melis Gürsoy graduated from Özel Işık High School in 1996 and continued her higher education in Boston, Massachusetts, where she received her degree in Business Administration from Mount Ida College in 2000. She started her business career at Ak-Pa Tekstil İhracat Pazarlama A.Ş. Melis Gürsoy performs duties on the Board of Directors of Akkök Holding.

Özlem Ataüenal

Member of the Board of Directors and Member of the Executive Board

She graduated from Üsküdar American High School in 1985 and Uludağ University, Department of Business Administration in 1989. Starting her career at İktisat Bank, Ataüenal held various positions from Branch Manager to Customer Relations Management at Körfezbank. She joined Akkök Group in 2000 as Budget and Finance Manager of Akenerji. In 2005, Ataüenal was promoted to the position of CFO of Akkök Holding. In 2012, she was appointed as the Executive Committee Member in charge of Finance. In 2017, she became a member of the Board of Directors of Akkök Holding. She has assumed various responsibilities over the years and is currently the CFO of Akkök Holding, Executive Committee Member in charge of Strategy and Business Development and President of the Energy Group. In addition to being a Member of Akkök Holding's Board of Directors, Ms. Ataüenal is the Chairman, Deputy Chairman and Member of the Board of Directors in various companies of the group, including publicly traded companies and companies with foreign partners. She has also been a member of TÜSİAD since 2013.

EXECUTIVE BOARD



- 1- Mehmet Emin  ift i**
İcra Kurulu  yesi ve
Y netim Kurulu  yesi
- 2- Onur Kipri^(*)**
Member of the
Executive Board
- 3- İ. G k in Durusoy^(*)**
Member of the
Executive Board
- 4- Raif Ali Din k k**
Executive Board Advisor
and Chairman of the
Board of Directors
- 5- Cengiz Ta ^(*)**
Member of the
Executive Board
- 6- Alize Din k k**
Member of the
Executive Board and
Member of the Board
of Directors
- 7- Ahmet Cemal D rd nc **
Chief Executive Officer and
Member of the Board of
Directors
- 8-  zlem Ata nal**
Member of the
Executive Board and
Member of the Board
of Directors



^(*) Mr. Cengiz Ta  serves as a Member of the Executive Board responsible for Aksa Akrilik Kimya Sanayii A. . and its subsidiaries. Mr. İhsan G k in Durusoy serves as a Member of the Executive Board responsible for Ak  REIT and its subsidiaries, while Mr. Onur Kipri serves as a Member of the Executive Board responsible for Ak-Kim Kimya Sanayi ve Ticaret A. . and its subsidiaries.

AKKÖK HOLDİNG EXECUTİVE BOARD

Ahmet Cemal Dördüncü

Chief Executive Officer and Member of the Board of Directors

Born in Istanbul in 1953, Ahmet C. Dördüncü, graduated from Çukurova University, Department of Business Administration. Later, he pursued his postgraduate studies at Mannheim and Hannover Universities. Mr Dördüncü began his professional career at Claas OHG Company in Germany, and after returning to Turkey, he worked at Mercedes Benz A.Ş. between 1984 and 1987. He joined Sabancı Group in 1987, and assumed several positions at Kordsa A.Ş. until 1998. Mr. Dördüncü served as General Manager/President at DUSA South America, and later at DUSA North America in 1998. After working as Group President of Strategic Planning and Business Development at Sabancı Holding A.Ş. in 2004, he assumed the position of Chairman of the Executive Board of Sabancı Holding from 2005 to 2010. Mr. Ahmet Cemal Dördüncü, Chairman of the Executive Board of Akkök Holding since January 2013, also serves as the Chairman of Akenerji, Akcez and Akcoat, Deputy Chairman of Aksa Akrilik, Ak-Kim Kimya and Akiş REIT, and Member of the Board of Directors of various Akkök Holding Companies. Mr. Dördüncü is the Chairman of the United Nations Global Compact Turkey. He is also a Member of the Board of Directors in International Paper Co. companies. He speaks English, German and Portuguese.

Alize Dinçkök

Member of the Executive Board and Member of the Board of Directors

Born in İstanbul in 1983, Alize Dinçkök graduated from the Department of Business Administration and Economics at the Sawyer School of Management of Suffolk University in 2004. She attended Harvard Business School General Management Program and completed it successfully. In 2018, she graduated from the Innovative Thinking Program at MIT Sloan School of Management. She started her career in 2005 as a

Strategic Planning Expert at Ak-Al Tekstil Sanayi A.Ş. She joined Akiş Gayrimenkul Yatırımı A.Ş., when the Company was setup in 2005. Here she worked as Project Coordinator, Sales and Marketing Manager, and Assistant General Manager for Sales and Marketing respectively. Member of the Board of Directors and Executive Board Member of Akkök Holding A.Ş., Alize Dinçkök acts as Chairman of the Board of Directors of Akmerkez Lokantacılık, Ak-Pa, and also serves on the Board of Directors of various Akkök Group Companies. Alize Dinçkök also manages the Akkök Group Marketing Platform established in December 2015.

Özlem Ataunal

Member of the Executive Board and Member of the Board of Directors

She graduated from Üsküdar American High School in 1985 and Uludağ University, Department of Business Administration in 1989. Starting her career at İktisat Bank, Ataunal held various positions from Branch Manager to Customer Relations Management at Körfezbank. She joined Akkök Holding Executive Board Akkök Group in 2000 as Budget and Finance Manager of Akenerji. In 2005, Ataunal was promoted to the position of CFO of Akkök Holding. In 2012, she was appointed as the Executive Committee Member in charge of Finance. In 2017, she became a member of the Board of Directors of Akkök Holding. She has assumed various responsibilities over the years and is currently the CFO of Akkök Holding, Executive Committee Member in charge of Strategy and Business Development and President of the Energy Group. In addition to being a Member of Akkök Holding's Board of Directors, Ms. Ataunal is the Chairman, Deputy Chairman and Member of the Board of Directors in various companies of the group, including publicly traded companies and companies with foreign partners. She has also been a member of TÜSIAD since 2013.

Mehmet Emin Çiftçi

Member of the Executive Board and Member of the Board of Directors

Mehmet Emin Çiftçi was born in Istanbul in 1987, and graduated from Istanbul Ticaret University Faculty of Business Administration. He started his professional life in the Department of Budget Planning and Reporting in Ak-Kim Kimya Sanayi ve Ticaret A.Ş, and completed his Business Administration education in UCLA Extension (UCLA). Mr. Mehmet Emin Çiftçi completed the MBA program at the Institute of Business at Özyeğin University in 2018. Mr. Mehmet Emin Çiftçi is a Member of the Executive Board of Akkök Holding as of 2020, as well as Akkök Holding Board Member. He also serves on the Boards of various Akkök Holding Companies.

Cengiz Taş

Member of the Executive Board

Born in Bursa in 1966, Cengiz Taş graduated from the Industrial Engineering Department at Boğaziçi University in 1989. He began his career at Kordsa as an Investment Planning Engineer in 1989. He joined Akkök Holding Companies in 1991 as a Budget Expert at Ak-Al Tekstil Sanayii Anonim Şirketi and acted respectively as Budget Chief, Budget Manager, Production Coordinator, Assistant General Manager in Charge of Planning and as General Manager between 2004 and 2011. He has been the General Manager of Aksa Akrilik Kimya Sanayii A.Ş. since February 1, 2011. Mr. Cengiz Taş, who is a member of the Akkök Holding Executive Board, also serves on the Boards of the Akkök Group Companies. Mr. Taş has membership in various associations and continues to serve as the Vice President of the Board of Directors of the Turkish Textile Industry Employers' Union. From June 2019 on, he is a Board Member of the Turkish Confederation of Employers' Unions. Mr. Taş is married with two children and speaks English and French.

İ. Gökşin Durusoy

Member of the Executive Board

Born in Denizli in 1964, İhsan Gökşin Durusoy received his master's degree in Industrial Engineering from Boğaziçi University in 1987 and started his career as Production Engineer in Arçelik. Working as Finance and IT Executive at İzmir Demir Çelik A.Ş. from 1988 to 1989, Durusoy joined Akkök Group in 1989 as Chief Budget Planner at Ak-Al Tekstil Sanayii A.Ş. Here, he

later served first as Budget Planning Manager and then as Strategic Planning Director. In 2007, he became Assistant General Manager at Akiş REIT, which was founded with the aim of developing unique and large-scale real estate projects. Since 2009, Mr Durusoy has been serving as General Manager and Member of the Board of Directors at Akiş REIT, as well as serving on the Boards of Directors at various Akkök Holding companies.

Onur Kipri

Member of the Executive Board

Born in Adana in 1964, Mr. Onur Kipri graduated from Boğaziçi University, Faculty of Business Administration. He started his career at Çukurova İthalat as a Sales Coordinator in 1986. Between 1988 and 1989, he worked as the Metal Trade Department Manager at TASK Uluslararası Ticaret A.Ş. Between 1989 and 1990, he worked as MIS Project Coordinator & Import Fabric Purchasing Manager at Doğan Fabrics & Textile. From 1991 to 2013 he served at Organik Kimya as Sales Manager, Department Manager and Trade Director, respectively. He joined Ak-Kim Kimya as the General Manager in January 2014. He still continues this duty and besides being a Member of the Executive Board of Akkök Holding, he is a Member of the Board of Directors of Ak-Kim Kimya, Member of the Board of Directors of Akcoat and Chairman of the Board of Dincox.

Raif Ali Dinçkök

Executive Board Advisor and Chairman of the Board of Directors

Born in Istanbul in 1971, Raif Ali Dinçkök graduated from Boston University (USA), Department of Business Administration in 1993, and subsequently started working at Akkök Holding. Mr. Raif Ali Dinçkök continued his career in the Purchasing Department of Ak-Al Tekstil San. A.Ş. between 1994 and 2000, and later served as Coordinator of Akenerji Elektrik Üretim A.Ş. from 2000 to 2003. Prior to his current position as the Chairman of the Board of Directors at Akkök Holding A.Ş., he served as a Member of the Board of Directors and Vice Chairman of the Executive Committee at Akkök Holding A.Ş. Mr. Raif Ali Dinçkök has served as the Chairman of the Board of Aksa Akrilik, Ak-Kim, Akiş REIT and Akmerkez REIT, as well as a Member of the Board of Directors in other companies within Akkök Holding. He also works as Akkök Holding Executive Board Advisor.

CHEMICALS

- **Aksa Akrilik Kimya Sanayii A. .**
- **DowAksa İleri Kompozit Malzemeler Sanayi Ltd.  ti.**
- **Akkim Kimya Sanayi ve Tic. A. .**
- **Akcoat İleri Kimyasal Kaplama Malzemeleri Sanayi ve Ticaret A. **
- **Epsilon Kompozit Teknoloji ve Savunma Sanayi A. .**





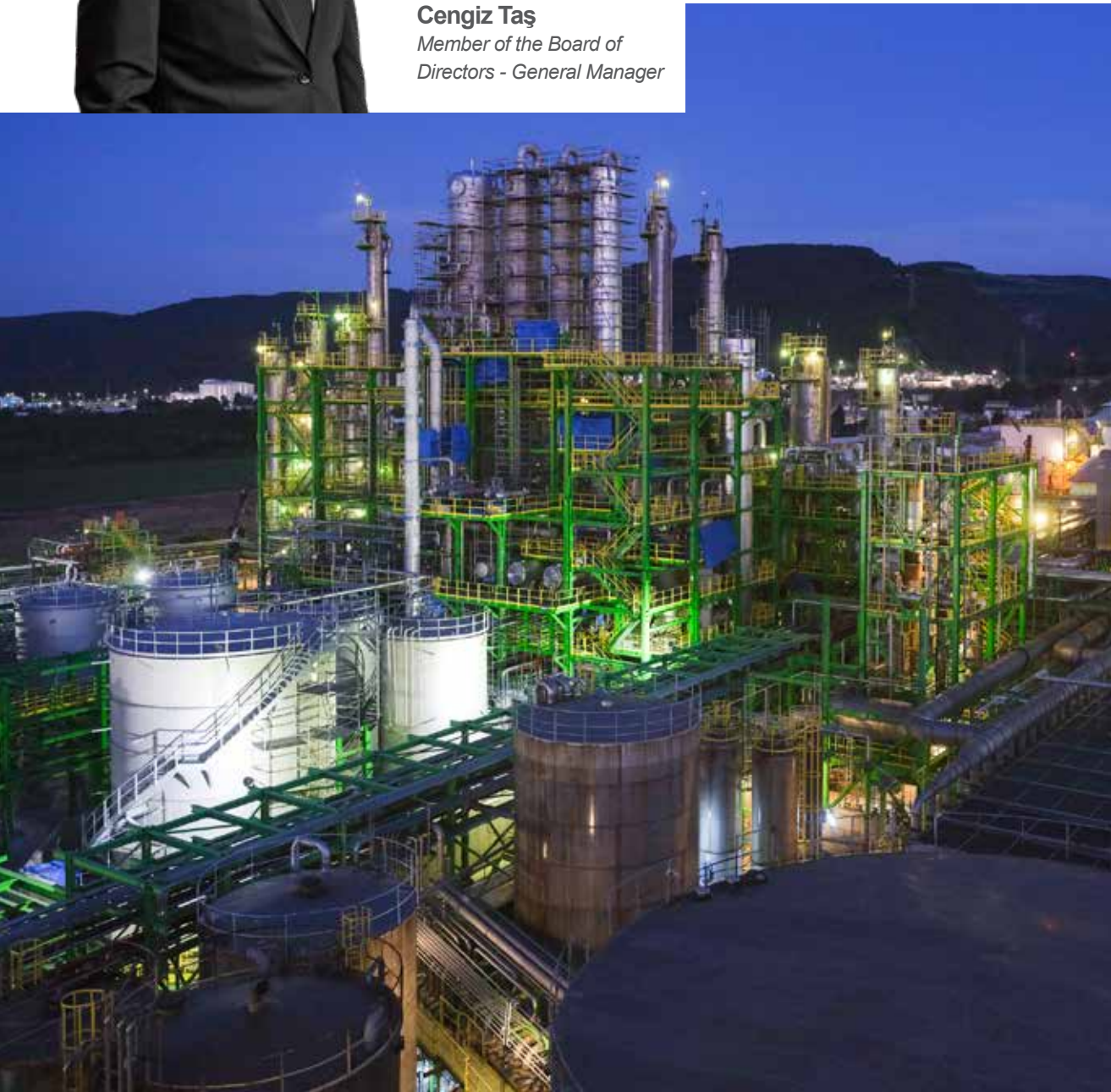
Aksa Akrilik Kimya Sanayii A. .



“Our market capitalization reached TL 11.1 billion at the end of 2021, growing 2.5 times from last year. Our Earnings Before Interest, Taxes and Depreciation (EBITDA) rose by 85% compared to the previous year and amounted to TL 1.7 billion.”

Cengiz Ta 

*Member of the Board of
Directors - General Manager*



Founded in 1968 in Yalova to meet the needs of acrylic fiber of Turkey, Aksa Acrylic began production in 1971 with a capacity of 5,000 tons/year. With the vision of investing in technology in order to maximize operational excellence and creating sustainable, profitable, new areas of use for acrylic fiber, Aksa today is a world giant with 400 customers in more than 50 countries on 5 continents with its new technology and modernization investments undertaken over the years. With 1,300 employees, a production area of 600,000 square meters and annual capacity of 330,000 tons, it is the largest acrylic fiber producer in the world and the sole producer in Turkey.

Along with its success in production, Aksa is also a leader with implemented management systems, environmental practices and social responsibility projects, and thanks to its extensive product range it supplies textiles and technical textile raw materials to various industries. Aksa, which expands its new and special product portfolio with its 50 years of experience and customer-oriented approach every year, started to produce outdoor fibers in 2001 apart from textile fibers and advances its claim in technical fibers with its flock tow, homopolymer and filament yarn products. In 2009, after improving its technology infrastructure, Aksa commenced production of carbon fiber, which is considered one of the most vital raw materials of the 21st century.

Aksa Akrilik once again registered its success with its corporate management approach. At the “11th Corporate Governance Awards”, organized by the Corporate Governance Association of Turkey, it was awarded the title of “The Second Company with the Highest Corporate Governance Rating” and had its name written on the award for the 6th time.

Aksa Akrilik, which has implemented all its activities with the principle of efficient use of resources and respecting the environment since its establishment, is included in the BIST Sustainability Index, which includes 58 companies. Aksa formed its medium and long term strategy in line with global trends and sustainable growth principles. With this index, Aksa manifests its approach to important issues such as global warming, health, employment and water resources for the world and for Turkey.

Aksa Akrilik continues its efforts to create new business areas and develop new products for acrylic fiber with its unique technology knowledge through its R&D activities.

As targeted in 2021, the reach of AKSA brands to end users has risen. In addition to our cooperation with Dagi company and our “Everfresh” brand, our Acrycycle product was placed on the shelves of LCW, Brandroom and Koton with its label. The products, were met with great interest and were sold out before the end of the year. The sub-brand of our Acryluna brand, our animal-friendly product Innofleece was launched and PETA Vegan approval was obtained. Innofleece has been highly appreciated by different value chain stakeholders and has been included in the collections.

Acrycycle returned to volume sales and achieved a rapid boost. The product range of our Everfresh brand has been expanded. Collaborations were developed in the home textile (blanket, bed linen and towel) and socks sectors, and the prepared products were presented to retail customers. Acryluna and Acrycycle websites were activated for communication purposes, regular newsletter communication was carried out, and Fiberpost, our area where developments in AKSA are shared with our customers, was launched. A sustainable collection was prepared in cooperation with our Acrycycle brand and Hatice G k e, and it was launched at the Istanbul Fashion Week.

The intense demand after the pandemic in the outdoor fibers we serve with the Acrysole brand continued in 2021 as well. While the products were in demand in the past years, especially due to the awareness of the brands of fabric manufacturers, the fact that the product features have started to be understood more clearly, can be cleaned and have a long life, has augmented its use especially in the interior upholstery fabric sector. Accordingly, our customers are expanding their capacity for the coming years by investing in looms, finishing and yarn facilities. Rising demand was met on time by making necessary arrangements in fiber production machines.

Our filament product, which serves under the Acrylusion brand, continues to be tried in the carpet industry, especially in the chain stores of the American carpet industry. New chain stores are targeted with different designs by using a combination of filament and vortex yarn for the sector.

After the market development studies carried out with the Armora brand since 2018, we worked close to full capacity in 2021. Thanks to its innovative product range, very positive feedback has been received in the application areas served. Although demand is expected to exceed the current capacity in 2022, a cautious year is foreseen due to supply disruptions in critical raw materials.

Our synthetic hair product, which we serve with the Acrybella brand, reached approximately twice the sales amount in 2021 compared to the previous year. In order to meet the rising demand, additional investments were made in fiber production and subsequent processes, and the capacity was expanded. A high growth is targeted in 2022.

Homopolymer acrylic fiber, which is the first of the products under our Acryterna brand, is a product that serves the filtration industry and has not observed a significant change in its market share over the years. However, we aim to raise the amount of sales after the capacity and cost-related supply shortages that are expected to be experienced in rival manufacturers in 2022. The polymerization capacity expansion realized in 2021 will serve this target. The other product under this brand is flock fiber and its most common usage area is in car batteries. The global crisis in the automotive industry creates uncertainty for this product.



“At DowAksa, we managed to achieve a growth of more than 30% and far ahead of the sector in 2021, by effectively using our R&D competence to provide ourselves with a competitive advantage.”

Douglas G. Parks
*Chief Executive Officer and
General Manager of Turkey*

DowAksa İleri Kompozit Malzemeler Sanayi Ltd.  ti.

DowAksa, Turkey’s first and only and one of the world’s leading carbon fiber producers and providing composite solutions since 2012, meets the needs of strategic sectors with its domestic production and contributes to bringing down the current account deficit in our country’s economy with its high value-added exports. 90% of the company’s sales are obtained from exports. DowAksa, which is a key supplier in the global arena especially in the wind energy sector, added India to its export chain in 2021. India has the world’s largest wind energy installed power and one of the countries with the highest growth potential in the sector.

DowAksa, which closed the year 2021 with a growth of 30%, has also grown in employment figures this year, adding more than 200 new employees to its workforce, and entered 2022 with a push for significant investments.

2022, the tenth year of DowAksa, will also constitute a key milestone in the company’s growth strategy. In the first quarter of this year, the company will start the construction works for the new integrated production facility worth USD 120 million to be established in order to meet the rising demand in the sector. The facility is expected to start operating in the first quarter of 2023.

DowAksa aims to grow rapidly to meet the rising demands of the emerging wind energy and automotive markets, as well as to develop high-performance products for the defense and aerospace industries, primarily focusing on Turkey’s local needs.



Akkim Kimya Sanayi ve Ticaret A. .

“At Akkim Kimya, we have successfully completed 2021. It has been a year that will be remembered with success, in which we put our signature to many new and noteworthy developments and achieved our company targets. As one of the leading companies in the chemical industry, we will continue to grow in local and global markets and add value to life with chemistry in 2022 with our innovative and entrepreneurial spirit.”

Turkey’s leading chemical manufacturer Akkim Kimya was established in Yalova in 1977. Producing in 5 different locations with more than 1000 personnel, Akkim has a special place in the chemical industry with its product variety. Akkim is a chemical company serving more than 70 countries in six continents with its wide product range including chlor-alkali and derivatives, peroxides, methylamines, persulfates, bisulphites, textile auxiliaries, concrete additives and plastic additives. The company, which is the market leader in many products in basic chemicals and performance chemicals, serves the cleaning, hygiene, water treatment, textile, paper, construction, plastic, food, metal, energy, detergent, drilling, mining and chemical industries.

Akkim works to enrich its products and produce innovative solutions by directing its work towards the right targets in the R&D Center established in 2013. The company has grown into an organization capable of innovating at global standards. The use of resources has been reorganized and aligned with market and customer needs. The company has been selling some of its know-how and technologies to companies abroad since 2002 and offers many different services from engineering studies to turnkey commitments.

Using its presence and synergy in the water treatment sector, Akkim entered the high-tech treatment sector with an ultrafiltration membrane module investment in its Yalova Facility. With its modern factory commissioned in 2016, it is the first and only manufacturer of this product in the region stretching from Europe to Asia.

The company always attaches importance to inorganic growth opportunities. By purchasing Akcoat, the world’s leading manufacturer of chemical coating materials, in 2015, Akkim has added value to the white goods, kitchen utensils, oven, enamel, ceramic and glass industries. In 2017, it acquired Dinox, a chemical sales and marketing company in Germany, in order to be close to its customers in the European market and to expand its export activities. Akcoat, on the other hand, made a crucial integration investment by purchasing Megacolor, which produces ceramic printing inks in Spain. Finally, in 2021, USK Kimya, one of the largest carboxymethyl cellulose producers in Turkey and the world, was included in Akkim. In the last quarter of 2021, Akkim Silicon company was established and sales of silicone polymers started in Yalova facilities.



Onur Kipri
Member of the Board of
Directors - General Manager





“Although the effects of the pandemic continued throughout 2021, we, as Akcoat, left behind a successful year in every respect. This year, we have further strengthened our position in the international arena with the breakthroughs and innovations we have made in R&D, innovation and digitalization, while taking firm steps towards our global leadership goals. We carried our performance even further with our multicultural team of nearly 500 people from different nationalities around the world. We got the reward of this performance with positive numbers.”

Veysi K    

*Member of the Board of
Directors - General Manager*



Akcoat İleri Kimyasal Kaplama Malzemeleri Sanayi ve Ticaret A. 

As a result of successfully achieving our targets for 2020, our profitability in terms of Earnings Before Interest, Depreciation and Taxes (EBITDA) rose by exactly 25%. Despite the high energy costs in global trade, logistics problems and the pandemic, Akcoat left behind a year in which it got closer to its goals despite all these negative developments, by putting forward a vision for the future with the right strategy.

In addition, we took part in the ISO 500 research, in which the largest industrial enterprises of our country are ranked according to the net sales figures by the Istanbul Chamber of Industry, and we moved up 67 notches in the general list to 411th place.

In our R&D center, many innovative projects have been developed that will make us stand out in international competition. In 2021, within the scope of T       University-Industry Cooperation, 86 projects were worked on and deemed eligible for support, including the projects deemed worthy of an award. 24 of these projects were introduced in many national and international publications, and patent applications were made for 25 of them. Design registration was made for 36 projects.

One of the developments that proved the success of Akcoat in 2021 was the opening of our new R&D center, which will create value for our country in the field of science and technology.

With the new R&D center, we have built a structure that will both contribute to our country's industry and make a difference on a global scale, in line with the goals of our company. Established on a total area of 10,000 m2, the new R&D center, one of the largest in Turkey, has main product group laboratories, characterization and analysis laboratories and a 360-degree research and development infrastructure for materials. By the end of 2023, more than 50% of our researchers working in our R&D center, and 80% by 2025, will have doctoral level expertise. At Akcoat, we will continue to support scientific infrastructures through the production of technological knowledge, innovation in product and production methods, raising product quality and standards, increasing productivity, providing intensive production conditions, and academic-industry collaborations with our qualified team.

Following the transition to the Integrated Management System in 2021, ISO 9001, ISO 14001, ISO 50001, ISO 45001 management systems were gathered under a single system. In order to support and expand our exports, we participated in the global supplier quality audit and secured high scores and rose to the status of Class A supplier, surpassing the world average. In the

energy monitoring system, we completed the first phase and started to perform instant data flow and analysis. In the next year, innovations in production and solutions at international standards await us. We are planning to complete our Automation Systems installation works in production this year. Within the scope of energy efficiency and sustainability, the transformation in the combustion system of furnaces will continue.

We continued to work to fulfill our responsibilities towards our employees and the environment, while always advancing with planned and modern methods in line with our growth targets. We achieved a 60% improvement in occupational health and safety (OHS) compared to the previous year. In addition to our “0” accident target this year, the foundations were laid for the transfer of OHS processes and indicators to the digital environment, and thus the entire control process to be carried out in a transparent manner.

We continued to implement our practices that value people in the field of human resources. Our aim was to raise the personal development and performance of all Akcoat employees and to grow their level of motivation. Making the Performance Management Process, which includes the operational level after the professional level, meet the Balance Score Card logic, the continuation of The Future Project long-term internship program in 2021, the B      , which digitizes the HR processes, and Operational Excellence Project were our works in this context. It is among our goals to automatically analyze and report the data generated by our digitalized processes in 2022.

We can proudly say that we have been awarded the “Zero Waste Certificate” as a result of our sustainability efforts. At the same time, we became the 6th company in Turkey and the first company in the chemical industry to sign the CEO Water Mandate statement.

In light of the developments in 2021, we aim to complete our carbon and water footprint measurements and publish our first sustainability report next year. As Akcoat, we started a digital transformation movement in all our business activities. We determined our priority projects according to the result obtained with the Digital Maturity Index measurement we completed. We will bring our digital maturity level to a much better point in the coming period by taking steps to raise our score with the software and analytics we have developed in order to make a difference in the sectors we are involved in. We will always renew and develop our vision for the future at international standards, while taking the necessary steps that will carry our goals to the top.



“With the support and synergy provided by joining Akk k Holding in 2021, Epsilon has set it as a target to become the second level component supplier of global aviation companies primarily, and then the first level component supplier in the following periods, within the next 10 years. For this purpose, our company will work towards building infrastructure and training qualified personnel to include metal forming, machining, heat treatment, chemical surface preparation and assembly processes in addition to composite technologies.”

M. Atamt rk Atikcan
General Manager



Epsilon Kompozit Teknoloji ve Savunma Sanayi A. .

Epsilon Kompozit Teknoloji ve Savunma Sanayi A. . is a leader in the manufacturing and assembly processes of the aviation, aerospace and defense industry composite and metal bond parts in the private sector. Epsilon has planned investments in test, laboratory and non-destructive testing equipment that can be offered to the market independently, as well as turnkey service part manufacturing projects. The company has created the supply chain management, which will include the supply of all materials, in order to control the product management from the beginning to the end. Composite mold design, tool design, CNC processing capabilities, metal bonding, sub-assembly, mounting surface preparation and painting constitute the main capabilities and activities of our company.

The company was established in 1999, under the name of Epsilon Havacılık Uzay ve Savunma Sanayi Ltd.  ti. and initially continued its activities by providing “wet lay-up”, that is, wet lay-up parts manufacturing and assembly services to domestic defense companies. Epsilon, which started to produce prepreg composite parts with its autoclave molding investment in 2011, evaluated the lack of composite part manufacturing in time with the autoclave molding method known as “autoclave molding” in the private sector. In the same year, it was aimed to establish a new company and facility in accordance with international norms with the company KAI-Korea for the realization of KUH helicopter composite and metal bond parts manufacturing, qualification and certification commitments. With advanced technology composite investments, Epsilon Kompozit Teknoloji ve Savunma Sanayi A. . was established and thus our first contract of foreign origin was signed.

Within the scope of the studies initiated with KAI, it has succeeded in being the subcontractor of Airbus and Bell Flight (Bell Helicopter) between 2015-2017, thanks to the fulfillment of criteria such as on-time delivery and continuity of product quality. In this process, Epsilon Kompozit has continued to invest in new equipment instead of outsourcing each new project, ensuring that customer

expectations are met from a single source. Epsilon, which is the first and only private sector composite company that can receive direct business from abroad, apart from the main companies of the defense industry, through its AS9100 and NADCAP accreditations, maintains its relations with the leading companies in this field at the level of strategic partnerships. Our company continues to provide services to the leading domestic defense industry organizations as a solution partner in the production of large-scale radome, pedestal, dish antenna, reflector, satellite dish antennas, parts for UAV systems, as well as production for air, land and sea platforms.

In the pandemic that started in 2020, Epsilon Kompozit was able to continue to grow its business and turnover by turning the situation into an opportunity, without being affected by the contraction in the troubled period in the sector, thanks to the risk management plans and the measures it took. Our company was able to manage this process in a healthy and controlled manner and continued to grow.

With the support and synergy provided by joining Akk k Holding in 2021, Epsilon has set it as a target to become the second level component supplier of global aviation companies primarily, and then the first level component supplier in the following periods within the next 10 years. For this purpose, our company will work towards building infrastructure and training qualified personnel to include metal forming, machining, heat treatment, chemical surface preparation and assembly processes in addition to composite technologies. Investments will be made for changing supply chain policies, technological and different production methods, complex part design and manufacturing. In this direction, in 2022 the company aims to be the subcontractor of domestic companies. After the completion of other qualification and infrastructure processes, it will continue to gradually become a subcontractor of global aircraft manufacturers in 2025. One of the goals of Epsilon Kompozit will be the design and production of a final product using prepreg material produced within Akk k.

REAL ESTATE

- **Aki  REIT**
- **Akmerkez Gayrimenkul Yatırım Ortaklığı A. .**





“As a result of its efforts in 2021, Aki  REIT has earned the right to be the only Real Estate Investment Trust to be included in the Borsa Istanbul Sustainability Index as of the beginning of 2022.”

 . G k in Durusoy
Member of the Board of
Directors - General Manager

Aki  Gayrimenkul Yatırım Ortaklığı A. 

Established within the structure of Akk k Group in 2005, Aki  REIT aims to apply the experience and expertise it has accumulated in the real estate sector, which Akk k Group positioned among their strategic business areas, in various projects.

Aki  REIT assumed the title of Real Estate Investment Trust on May 18, 2012 upon application to the Capital Markets Board. Subsequently Aki  REIT was listed on Borsa Istanbul on January 9, 2013. Aki  REIT aims to carry out projects that

standout for their quality in the real estate sector, with the motto “Happiness lies at the heart of everything we do”.

Following its significant achievement with Akbatı Shopping Mall opened in 2011, Aki  REIT signed off on another major project upon the completion of Akasya in 2014, in which it holds shares. In 2016, Aki  REIT started the merger process with SAF

REIT, and as a result, consolidated its position in the real estate sector. The value that Akbatı and Akasya Shopping Centers add to the real estate sector is also appreciated with the awards they receive every year in the country and abroad. With their outstanding success, Akbatı has received a total of 95 awards in the last ten years, while Akasya has received 98 awards.

Aki  REIT, which stands out with its retail dominated rental income generating portfolio, continued its investments in street retailing in Ba dat Caddesi in order to improve and diversify this income and it made significant progress. It works to differentiate itself by developing the most prestigious projects of the street and adding value to the street. With the completion of the construction of the Erenk y Apartment project, which was opened in September 2021, Aki  REIT introduced a new addition to its brandnew living spaces with its innovative and original designs and unique architectural features in the most prestigious and lively location.

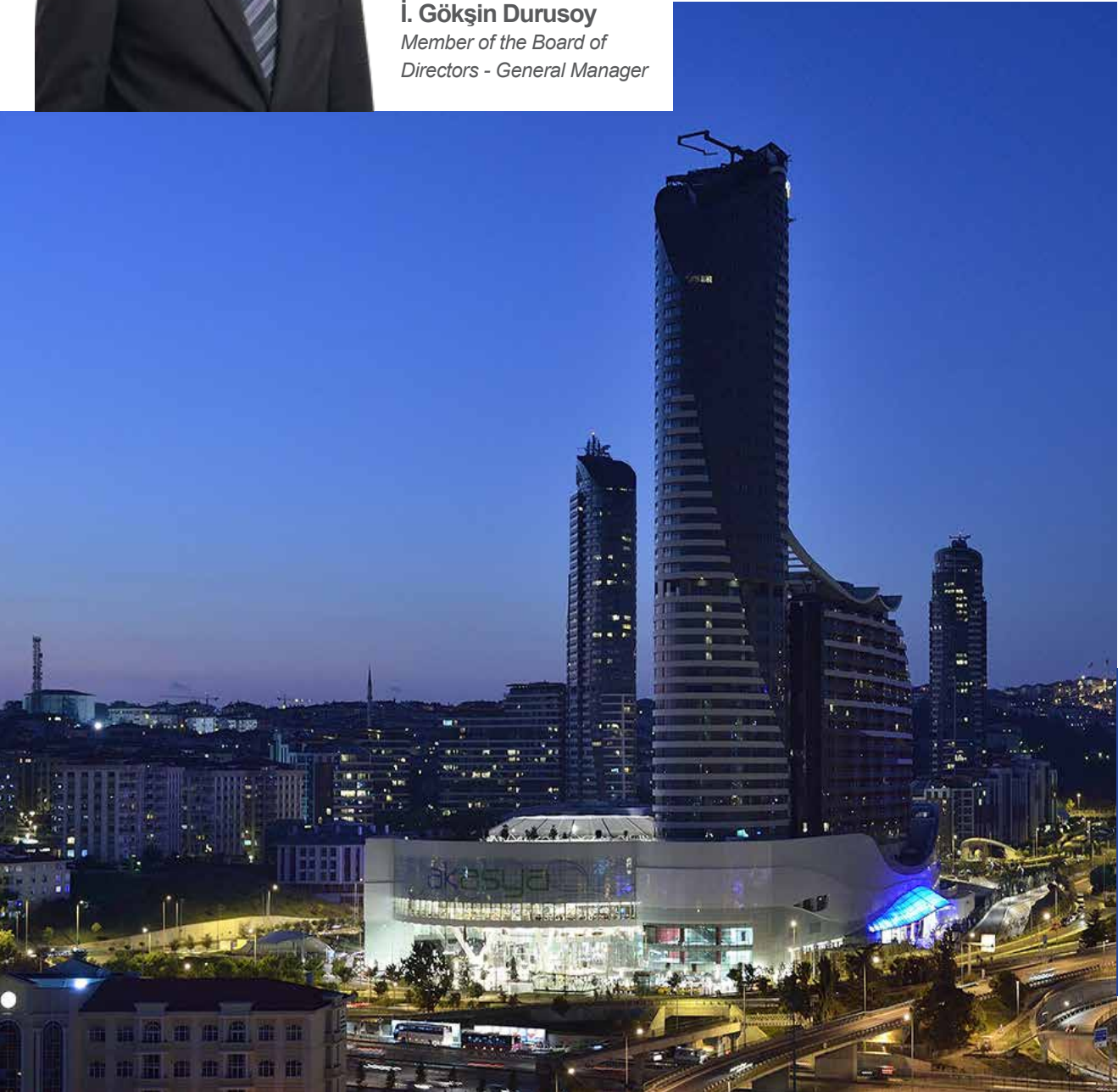
2021 was a year in which the occupancy rates of the shopping malls in Aki  REIT’s portfolio came to the fore in the sector. It has managed to maintain high occupancy rates of 97% for Akbatı Shopping Mall and 95% for Akasya Shopping Mall. Besides, new concepts that will expand the experience and entertainment factor in both shopping malls continue to be a feature for visitors. Akasya

Shopping Mall renewed itself in 2021 too, in order to move the tenant mix beyond today’s dynamics. On the other hand, the occupancy rate of Akasya Shopping Mall is expected to be at historically high levels of 97-98% as a result of ongoing new leases and relocation works by existing tenants. Similarly, Akbatı constantly develops itself according to the needs of the region it is in. Despite the pandemic, both of our shopping malls continued to stand out in the sector with their high occupancy and collection rates.

In 2021, when the effects of the pandemic continued, as in 2020, our priority was to provide the highest level of health and hygiene conditions in the operational real estates in our portfolio, and to be a place and service provider where all our stakeholders would feel safe.

2021 was a year in which the occupancy rates of the shopping malls in Aki  REIT’s portfolio came to the fore in the sector. It has managed to maintain high occupancy rates of 97% for Akbatı Shopping Mall and 95% for Akasya Shopping Mall. Besides, new concepts that will expand the experience and entertainment factor in both shopping malls continue to be a feature for visitors. Akasya Shopping Mall renewed itself in 2021 too, in order to move the tenant mix beyond today’s dynamics. On the other hand, the occupancy rate of Akasya Shopping Mall is expected to be at historically high levels of 97-98% as a result of ongoing new leases and relocation works by existing tenants. Similarly, Akbatı constantly develops itself according to the needs of the region it is in. Despite the pandemic, both of our shopping malls continued to stand out in the sector with their high occupancy and collection rates.

In 2021 as well, efforts were made to strengthen the corporate governance structure and to comply with the legal regulations. The Corporate Governance Rating was conducted in November and our Company’s Corporate Governance Rating, which was determined as 94.39 out of 100 in 2016, 94.90 in 2017, 95.36 in 2018, 96.19 in 2019, and 96.29 in 2020, edged up further to 96.33 in 2021. Aki  REIT has exhibited its difference in institutionalization and transparency once more with the highest Corporate Governance Rating of companies operating in the real estate sector in Turkey.





Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.

“We continued to maintain our strength in the sector by raising our strong dividend performance in the last year as well. At Akmerkez Shopping Mall, we kept the pandemic measures at the highest level and thus, we progressed by ensuring the trust of our guests. We believe that 2022 will be a more positive year as we successfully pass this critical period thanks to our flexible structure, the outstanding efforts of our employees and our strong performance.”

We left 2021, which we started after the extraordinary economic and social changes in 2020, with the hopes that started to bloom for the new year. 2021 was a year in which many developments took place on a global scale, our priorities changed, and we got used to living with Covid. Immunization efforts, which started rapidly around the world in 2021, proved to be the most important signal of revival in the global economy. Following the spike in the number of cases in Turkey, the government decided a closedown for about three weeks on April 29. As it has been since the beginning of the pandemic, we have taken on the responsibility in order to manage this process in unity. We stood by and supported our valuable business partners during the closure of Akmerkez. Together with our employees, stakeholders and all business partners, we succeeded managing this period in a healthy way and with a common mind.

Towards the end of the second quarter, our most important agenda became the ‘new normal’ and social life, so to speak, started again. Within the scope of Covid measures, we enabled our guests to shop safely at Akmerkez with automatic HES Code query devices. We registered our shopping center once again with the “TSI COVID-19 Safe Service Certificate”. We have put into place new activities within the scope of our sustainability project, Terrace Agriculture, which is the first of the sector. We hosted students for the urban agriculture courses implemented by the gastronomy departments of universities, and we pioneered the sharing of knowledge and experience on sustainable agriculture in the city with the participation of volunteers.

In order for our guests to have privileged experiences and have a pleasant time, we launched many events in 2021 as well. We hosted cinema lovers at the Open-Air Cinema in cooperation with Bir Film on Üçgen Terrace, one of the most beautiful terraces in the city. In 2021, we continued to be the address for fun activities for parents as well. At the Mother Child Meeting Center,

we organized a Children’s Book Festival in addition to activities full of art and games. We continued to be the attraction center of Istanbul with events such as Floral Fest, Design Market, and New Year’s Shopping Festival, where the best design and souvenirs were featured. We took the shopping experience one step further and realized personalized experience projects such as Tax-Free service with Easy Point, home delivery for Christmas shopping, shopping with an appointment system, and pet strollers. With the Mars Athletic Club, we launched the walking track, which was designed for guests who want to walk outdoors in the 100% clean air of Akmerkez and on the Üçgen Terrace, as the Walking Route. In addition, in 2021, we continued our strong growth by acquiring 11 new brands in different categories from technology to sports, from clothing to food and beverage.

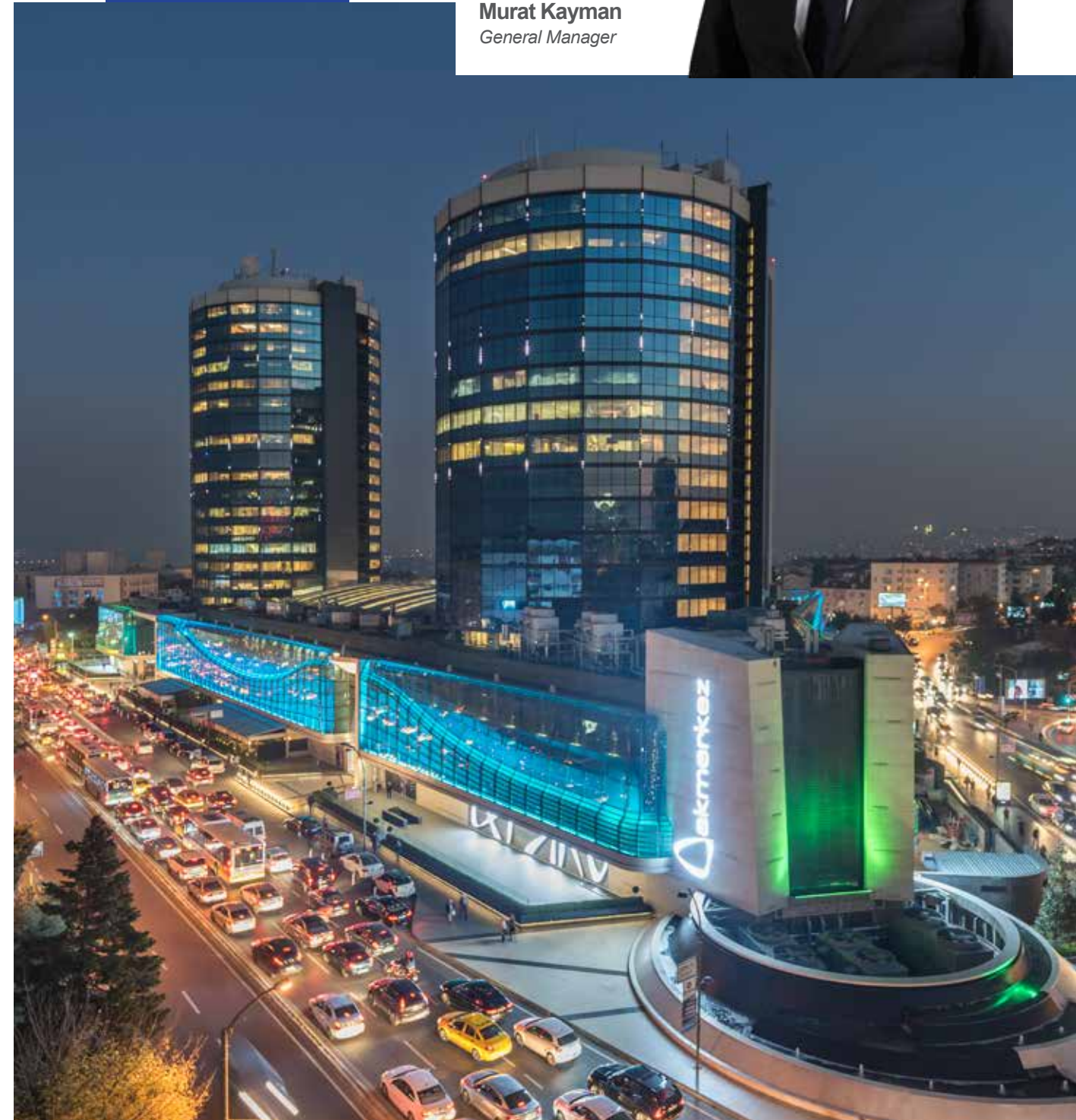
When we look at the financials for 2021, we continued to maintain our strength in the sector by raising our strong dividend performance in the last year as well. At Akmerkez, we kept the pandemic measures at the highest level and thus continued to protect the trust of our guests. We have successfully survived this critical period thanks to our flexible structure, the outstanding efforts of our employees and our strong performance.

In 2022, we look forward to announcing our services for the needs of our guests, especially with the innovations we will realize within the scope of our Terrace Agriculture project and digitalization.

As we leave 2021 behind with the happiness of succeeding together, we enter 2022 with more hope and excitement. In a new year where the happiness of our guests, our occupancy rate and our profitability rise rapidly, we will work harder and achieve new successes. I would like to take this opportunity to express my gratitude to our stakeholders and shareholders, especially to all our employees, for standing by us.



Murat Kayman
General Manager



ENERGY

- Akenerji Elektrik  retim A. .
- SEDA  Sakarya Elektrik Dağıtım A. .
- Sepa  Enerji Sakarya Elektrik Perakende Satı  A. .





“We won the bronze award in the “Energy” category for the “Company of the Year” category at the Stevie Business Awards. With our Akenerji Leadership Development Program, we were awarded the bronze prize in the Blended Education category at the Brandon Hall Excellence Awards.”

Serhan Gen er
Member of the Board of
Directors - General Manager



Akenerji Elektrik  retim A. .

Having commenced operations in 1989 as an auto-producer group under the umbrella of the Akk k Group of Companies, Akenerji has been operating as an independent electricity generation company since 2005.

Akenerji, the 50/50 joint venture between Akk k Holding, and Europe’s leading power company, the CEZ Group, has the sole capacity to meet 3% of Turkey’s power need, with its total installed power of 1,224 MW as of 2017 year-end. Focusing on renewable energy resource investments in 2005 to create variety in resources and cost advantages, Akenerji has expanded the number of alternative energy resource power plants through various projects over the years.

Regardless of the market conditions in 2021, at Akenerji, we left behind a record-breaking year in terms of EBITDA and operational profitability with our balanced production portfolio, experience in trade, as well as proactive and innovative approach.

With our balanced, sustainable, efficient and environmentally friendly portfolio, we produced 5,120,168MWh of gross electricity in 2021. We continued to maintain our competitive position in 2021 with our 1,224 MW installed power and our flexible portfolio structure that adapts rapidly to market conditions. As of the first quarter of 2021, we became the first member from Turkey to participate in the EEX, Europe’s largest Electricity Exchange. In addition, our transaction volume of 550 GWh in 2020 reached approximately 5.4 TWh at the end of 2021, growing some 10 times compared to the previous year. Undoubtedly, we are proud of these significant achievements.

On the other hand, despite the rising cost of natural gas, we managed to expand our capacity utilization rate at our Erzin Natural Gas Combined Cycle Power

Plant by 12.5% compared to 2020. Although 2021 was a dry year compared to previous years, we made good use of the profit margins in the Balancing Power Market with instant operations, especially thanks to the high water storage volumes of our Uluabat and Fek  II Hydroelectric Power Plants.

On the Natural Gas Trade side, we continued in 2021 by raising the supply rates (Deniz, should this be “volumes”?) of 2020. In the first quarter, we created significant savings by expanding the competitive edge of Erzin Power Plant. We registered with Gazprom-ESP, Russia’s spot natural gas exporting system, in October, through our Natural Gas Company. In addition, we completed our natural gas registration on the EEX. Thus, we have completed the basic infrastructure in order to be able to import physical gas from Europe, while having the ability to carry out financial gas transactions.

In 2021, we continued our work towards making our human resources, which is the basis of our success, sustainable. In 2021, we completed the “Lead the Future” Akenerji Leadership Development Program, which we had started the previous year.

As part of our sustainability efforts, we prepared our Corporate Sustainability Management handbook and determined our strategies until 2025. We have successfully completed the ISO Quality, Environment, Occupational Health and Safety, Energy and Information Security Management Systems audits for all our power plants. We continued to invest in our future as part of our promise to society and our stakeholders, “We produce energy to illuminate lives”. We carried on incessantly with our corporate social responsibility activities with the accountability and commitment we feel for the environment and society.

Our achievements in 2021 were again crowned with awards. We won the bronze award in the “Energy” category for the “Company of the Year” category at the Stevie Business Awards. With our Akenerji Leadership Development Program, we were awarded the bronze prize in the Blended Education category at the Brandon Hall Excellence Awards. This year too, we were among Turkey’s largest industrial companies in the Fortune 500, ISO 500 and Capital 500 lists. At Akenerji, we will continue to produce with the same passion, effort and dedication to maintain our success in 2022.



“We observed that the rapidly growing online usage habits with the pandemic are permanent in 2021. One of our two customers uses at least one of our online channels. It is pleasing to see the positive results of the resources we allocate to customer experience and technological infrastructure studies.”

H. Çağrı Poyraz
Member of the Board of
Directors - General Manager



Sepaş Enerji Sakarya Elektrik Perakende Satış A.Ş.

In 2021, 11,526 GWh of energy was sold to 1,847,646 electricity users. While the efforts to transform the service culture into experience and digitalization continued, regular analysis and research studies were carried out by constantly monitoring the changing critical expectations of electricity consumers. A transition to a new CRM structure was made that will enable to offer the right service and the most appropriate offers to the right customer, and to monitor their preferences.

The rise of online usage habits, which grow with the pandemic, continued in 2021. One out of every two Sepaş Enerji customers made their transactions through online channels. Online channel usage increased by 36% compared to the previous year and reached 52%. There was a 10% reduction in physical transactions made from the customer service center. Although the effect of the pandemic has receded relatively in 2021 compared to 2020, the decline in the demand at physical points shows that Sepaş Enerji customers have adopted the habit of using digital channels. In addition, nearly 100,000 subscribers updated their missing information, and nearly 20,000 subscribers switched from paper invoices to invoice notifications via e-mail.

At the beginning of 2021, the mobile application called “Sepaş in your pocket” was launched, providing Sepaş Enerji customers with a new transaction channel where they can perform their transactions such as subscription, bill payment, consumption inquiry online and securely. According to year-end figures, Sepaş in your pocket was downloaded by more than 100,000 Sepaş Energy customers. While one out of every five customers made their transactions through the application in 2021, the usage rate of Sepaş in your pocket was measured as 22% among all service channels. Thanks to the application, seeing personalized consumer information on a single online platform is a pioneering work for the electricity retail industry. During the year, collections were added to the functions of the e-government platform, which provides online transactions, and 4 new banks took their place among the collection channels.

Simplification and transaction diversity efforts at the call center continued throughout the year. The reach rate was measured as 99.7%. During the year, 758,873 calls were received and there was a 12% rise in incoming calls compared to last year. Along with the legislative changes, the rise in the variety of services that electricity users can receive remotely and the removal of the original signature requirement in the subscription opening process has made the use of call centers as attractive as online channels. Fast service kiosks located in customer service centers facilitated the customer experience and expanded the variety of transactions delivered from physical centers. During the year, nearly 450,000 customers were given face-to-face service at the customer service centers. During the year, campaigns were launched to make it easier for Sepaş Enerji customers to pay their bills. Up to nine monthly

installments were provided for bill debts and security fees to be paid during new subscription transactions. In addition, an interest amnesty campaign was launched to facilitate the payment of executive debts of previous years. On the other hand, customers were given the flexibility to determine their own payment terms.

In 2021, the overall satisfaction score of Sepaş Enerji customers was 79. Compared to 2020, there has been a rise in the satisfaction score on the basis of all measurement criteria. Even though it was the first year, the satisfaction of customers using Sepaş in your pocket was measured as 85%. In addition, thanks to the short, 3-question satisfaction survey sent after the transactions made by customers through all channels throughout the year, customer feedback was received at the points they contacted and corrective actions were planned. Within the scope of the activities, in 2021, more than 60,000 business people from the Marmara, Aegean, Mediterranean and Central Anatolian regions were reached by meeting with nearly 20 associations, chambers of industry and commerce throughout Turkey.

BültENERJİ, the in-house publication, which includes news about the energy sector, was published regularly every month and shared with its readers in digital media. The bulletin, which includes the latest developments in the energy sector, numerical data and news about the sector, is regularly delivered to an ever-expanding target audience.

The YouTube program called Sepaş Energy Meetings, where topics related to the energy sector are discussed in the presence of expert guests, brought a new breath to the sector. Thanks to the program, which reached approximately 2 million views in 2021, a digital resource for the sector is created.

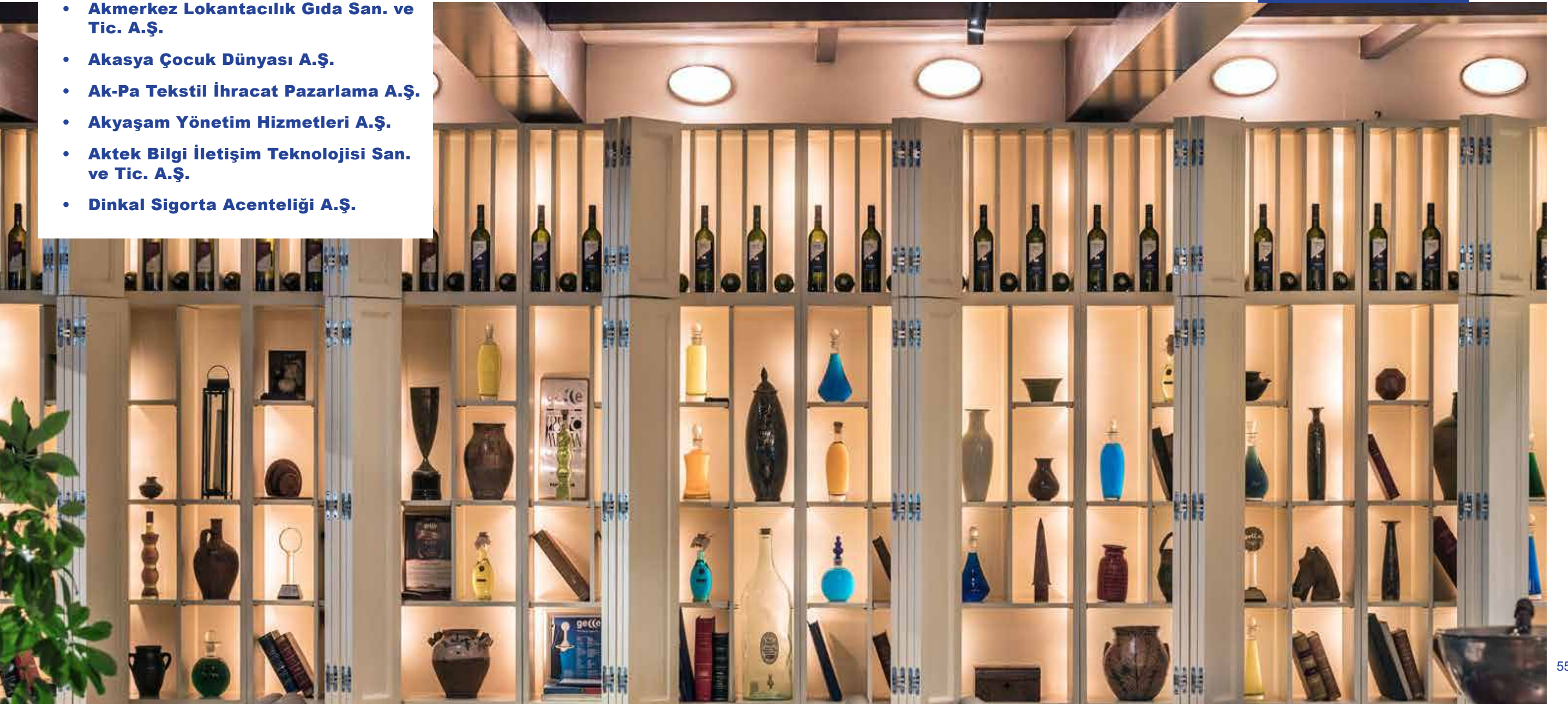
In line with our goal of raising the quality service we offer to our business partners by always keeping values such as innovation and agility in focus, the SepaşX Young Entrepreneurship in-house entrepreneurship program, in which Sepaş Enerji employees contributed with their ideas, was held. In the program where in-house ideas were gathered, mentoring support was provided to the ideas selected by the jury, and steps were taken to implement the ideas.

Sepaş Energy ranked 85th in the Fortune 500 list, where the largest companies of Turkey were announced, and 118th in the Capital 500 list. In addition, it took its place among the “Best Employers of Turkey” and “Best Workplaces for Women” organized for the first time in Turkey in the award program organized by the Great Place to Work Institute every year.

Sponsorship support continued to be given to the national team canoe athletes. In the Sepaş Energy Electricity Center located in Kidzania, the Children's Country, children in the age group of 4-14 were taught about energy saving through experience.

SERVICES

- Akmerkez Lokantacılık Gıda San. ve Tic. A. .
- Akasya  ocuk D nyası A. .
- Ak-Pa Tekstil İhracat Pazarlama A. .
- Akya am Y netim Hizmetleri A. .
- Aktek Bilgi İletişim Teknolojisi San. ve Tic. A. .
- Dinkal Sigorta Acenteliđi A. .



paper moon

**“Paper moon
istanbul is one of the
world’s top 70 pizza
restaurants”**



Akmerkez Lokantacılık Gıda Sanayii ve Ticaret A. .

Paper Moon; a city classic that unites Italian flavors with comfort. Following Milano and New York, Paper Moon, a world-renowned Italian restaurant was opened in Istanbul Akmerkez in 1996. Since then it has been owned and managed by Akmerkez Lokantacılık. With its chic interior design, tranquil ambiance, meticulous service and savory cuisine, Paper Moon has become an Istanbul classic in a very short time.

Thanks to the diligent management and service quality of Akmerkez Lokantacılık, Paper Moon is today one of Istanbul’s most select and prestigious names for fine dining. The restaurant is run by Italian chef Giuseppe Pressani.

Paper Moon is expanding its menu day by day with its distinguished atmosphere and unique tastes. The interior design and professional lighting, which is a reflection of luxury and simplicity, have been deemed worthy of prestigious awards during the years it serves. The restaurant received the “Interior Design” award by Restaurants and Institutions-New York in 1997 and the “Interior Lighting” award given by Lumens-New York in 1998.

Paper Moon Istanbul which soon became one of the prestigious brands of the Istanbul food and beverage industry and turned into a city

classic, was awarded the “Diploma of Good Cuisine” prize in September 2019 issued by the “Accademia Italiana Della Cucina” established for the development of cultural and trade relations in the areas of gastro-economy and gastro-tourism between Italy and Turkey. Paper Moon Executive Chef Giuseppe Pressani received the award on behalf of Paper Moon. In 2020, it took its place with 4 pearls in the 2020 ‘Pearl Gastronomy Guide’ prepared with Turkey’s first and only unique gastronomy rating system.

Paper Moon opened its doors for those who would like to have a special dining experience at Akfen Bodrum Loft in G lt rk k  during the summer season. It brought its fine dining service approach, which does not compromise on quality with its classic menu, to Bodrum. Paper Moon, which also offers a “comfort food” concept with its “Paper Moon Bodrum Loft by the Beach” menu all day, highlighted seasonal, daily, fresh and local flavors. Pizza, fresh pasta, risotto varieties, all of which are classics, Bodrum’s local seafood, Italian flavors where the fresh ingredients of the season were at the forefront and presented in the calm and peaceful atmosphere of Bodrum.



Akasya  ocuk D nyası A. .

At “KidZania, the Land of Children”, we operate with the aim of creating a world for children. Since the day it was founded, we have hosted more than 1.6 million visitors in our city, where children learn to make decisions freely, learn about teamwork and leadership, and meet concepts such as financial literacy. At KidZania, children experience more than 120 professions and learn while having fun. We are working to bring new horizons to educators and parents in the field of education by making KidZania’s experiential learning model comply with the curriculum implemented by the Ministry of National Education. At KidZania, we offer a space for our business partner brands where they can implement experiential marketing practices. We host disadvantaged children in our city with our social responsibility projects that we carry out with our philosophy “KidZania is the right of every child!”

KidZania was founded in Mexico in 1999 with the aim of providing a world where all children can learn while having fun. Today, KidZania is the world’s first country for children, operating in 20 countries and 27 cities. In KidZania, which is the founder of the “edutainment” concept of learning while having fun, children gain new skills and values and have the opportunity to develop their abilities with the role-playing learning method. Akasya  ocuk D nyası A. . is the licensee of KidZania Istanbul and Turkey, located in Akasya.

KidZania Istanbul

KidZania Istanbul was established on an area of 10,000 m2 in Akasya in 2014 as the 16th of the world’s KidZanias. Aiming to have a world where all children can learn while having fun and being happy, KidZania Istanbul has hosted more than 1.6 million visitors since its establishment. KidZania Istanbul, a special city where children feel free, use their creativity, produce, collaborate and experience real life, where they learn financial literacy, supports children to adopt values such as responsibility, cooperation, harmony, self-confidence, awareness and tolerance.

In KidZania Istanbul, which has been serving children between the ages of 1-14 since the day it was founded, children learn teamwork, being individuals in the society and behaving respectfully while experiencing professions. Turkey’s best brands add realism to this city run by children. Children can experience more than 120 professions in KidZania Istanbul, a city with 67 different activity areas with its bank, hospital, supermarket, laboratory, theatre, university, fire department, earthquake simulation center, stadium, streets, factories and square.

Acting as a bridge between the school and the outside world, KidZania enables children to put theory into practice in a realistic and safe environment. Learning content at KidZania is designed by game experts, educators and creative designers to comply with global

best practices, the OECD “Education 2030 – The Future We Want” framework and other international standards, and in line with the Ministry of Education curriculum. In KidZania Istanbul, where all activities are approved by the Behavioral Sciences Institute, the activity contents are prepared according to the ages, interests and skills of the children, with the guidance of pedagogues, game experts and trainers. Like all KidZania cities in the world, KidZania Istanbul is also disabled-friendly according to the principle of “KidZania, Every Child’s Right” introduced by Mexico.

As a Supporter of the UN Global Compact, KidZania Istanbul is committed to its principles in the fields of human rights, labour, the environment and anti-corruption. It supports the Ten Principles and the advancement of the Sustainable Development Goals. KidZania Istanbul, the Land of Children, received the 2020 Travellers’ Choice award, the biggest award of TripAdvisor, with the comments and ratings of its guests.

Due to the pandemic conditions, all activities in KidZania Istanbul are carried out with extended precautions and principles of mask, distance, maximum hygiene and minimum contact. At the entrances to the city, HEPP code inquiries and contactless fire measurement are made. All areas are disinfected with nano-silver technology. Elevators have foot pedals and the city’s ventilation uses “Special UV Photo Hydro Ionization” technology, which is also found in NASA’s space stations. KidZania Istanbul, fed with 100% fresh air, is purified from viruses and similar pathogens. The KidZania Istanbul team is trained for emergencies with an average of 180 personnel. There is always an infirmary and a doctor for a possible emergency response. Personal data of visitors, including photos and videos, are protected within the city in accordance with the Law on the Protection of Personal Data.

Ebru Timur
General Manager





“In 2021, with the changing world conditions after the pandemic and the advantage of Turkey’s logistics location, Ak-Pa realized record exports with USD 452 million group exports. We are proud to be a part of this export volume. In line with our mission of operational excellence, we will continue to add sustainable value to our stakeholders.”

Pelin Irga 
General Manager

Ak-Pa Tekstil İhracat Pazarlama A. .

Ak-Pa was founded in 1976 to handle international marketing activities and export operations of Akk k Holding of Companies. Exporting to more than 90 countries on 6 continents, Ak-Pa’s commercial activities started with textile products and expanded to intermediate the foreign trade of all group companies including chemical products.

In 2021, Ak-Pa reached an export figure of USD 452 million FOB by mediating the export operation of the group and continued to be among the leading export companies of Turkey. By sharing instantly the global and national changes experienced in 2021 with Group companies, it has been a pioneer in acting in compliance with the legislation and protection against possible risks.

With the effect of the pandemic, the closure of borders, etc. factors affected international trade to a great extent, and in this process, customer satisfaction was still maintained with interactive approaches and disruptions in operational processes were prevented.

The results of the customer satisfaction survey that we conducted across our Group companies in 2021 revealed an evaluation of 4.5/5 as an indicator of our understanding of operational excellence.

Implementing the Integrated Management System, Ak-Pa updated its ISO 9001: 2015 and ISO 27001: 2013 documents after the interim audit. By keeping up with the changing legislation, in 2018, the Company received the Authorized Economic Operator Certificate from the Ministry of Customs

and Trade, which is provided to reliable companies to offer ease and privilege in their customs procedures. The validity of the document was renewed in 2021 by presenting its annual activity report. With the rights provided by this document, the export operations of the Group companies is accelerated by completing the customs procedures through the green line.

Ak-Pa was ranked 160th in the Fortune 500 list, which evaluates the companies with the highest performance in Turkey. It is ranked 225th in Capital Magazine’s “Capital 500” research, which reveals Turkey’s largest 500 companies. Ak-Pa ranked first in the sector in Textile and Raw Materials Exports in the “Turkey’s Top 1000 Exporters 2020” research by the Turkish Exporters’ Assembly, in which companies are ranked according to the total amount of exports realized in the previous year. Ak-Pa was awarded the 1st prize in the platinum category, which includes the best, at the “Leaders of Export Awards”, where the export leaders contributing to the country’s economy are determined by the Istanbul Textile and Raw Materials Exporters’ Association. Ak-Pa won the second prize in the ‘Paint, Varnish, Inks Exports’ category at the 2020 İKMİB Stars of Export Award Ceremony organized by The Istanbul Chemicals and Products Exporters’ Association. It also secured the 4th prize in the category of “Inorganic Chemicals”.

Ak-Pa will continue to contribute to foreign trade with its rising performance in 2022.



Akyaşam Yönetim Hizmetleri A.Ş.

“At Akyaşam, our Akasya and Akbatı Shopping Centers have been certified in accordance with DAKKS German Accreditation for integrated “ISO 45001 Occupational Health and Safety” and “ISO 14001 Environmental Management System”.

Akyaşam Yönetim Hizmetleri A.Ş. was established on January 06, 2014, and as of October 03, 2017, it took over Ak Yön Yönetim Ve Bakım Hizmetleri A.Ş. and undertook the management of Akbatı and Akasya Shopping Centers and Akasya Kent Etabı projects. The main field of activity is to ensure that the real estates, housing, mass housing, modern residential units, shopping centers, trade and business centers, where the management of maintenance and services are undertaken, are used in accordance with their purpose. It is also to take the necessary measures for their establishment, as well as to manage and develop them. Akiş REIT is a 100% shareholder of Akyaşam Yönetim Hizmetleri A.Ş.

Since its establishment, it has reinforced its sustainable building approach with an environmentalist understanding with national and international awards. It was awarded BREEAM's Sustainable Building Certification and the “Excellent” rating in the Asset Performance category. Akasya and Akbatı shopping malls received the I-REC International Renewable Energy Certificate in order to promote renewable energy investment and use.

Akasya and Akbatı Shopping Centers managed to maintain an average occupancy rate of 96% at the end of the year and to make many new rentals. In order to move the tenant mix beyond today's dynamics and continue to renew itself, new concepts that will expand the experience and entertainment factor have been added to our store mix, with the aim of raising the attraction power of our Shopping Centers.

Akbatı and Akasya Shopping Centers provide a lot of work within the scope of sustainability activities such as e-charging renewable energy units, e-scooter, organic market, evaluation of women's labor, seed ball shootings with eco drones in cooperation with E-cording, and contribution to non-governmental organizations. It supports these projects by hosting them.

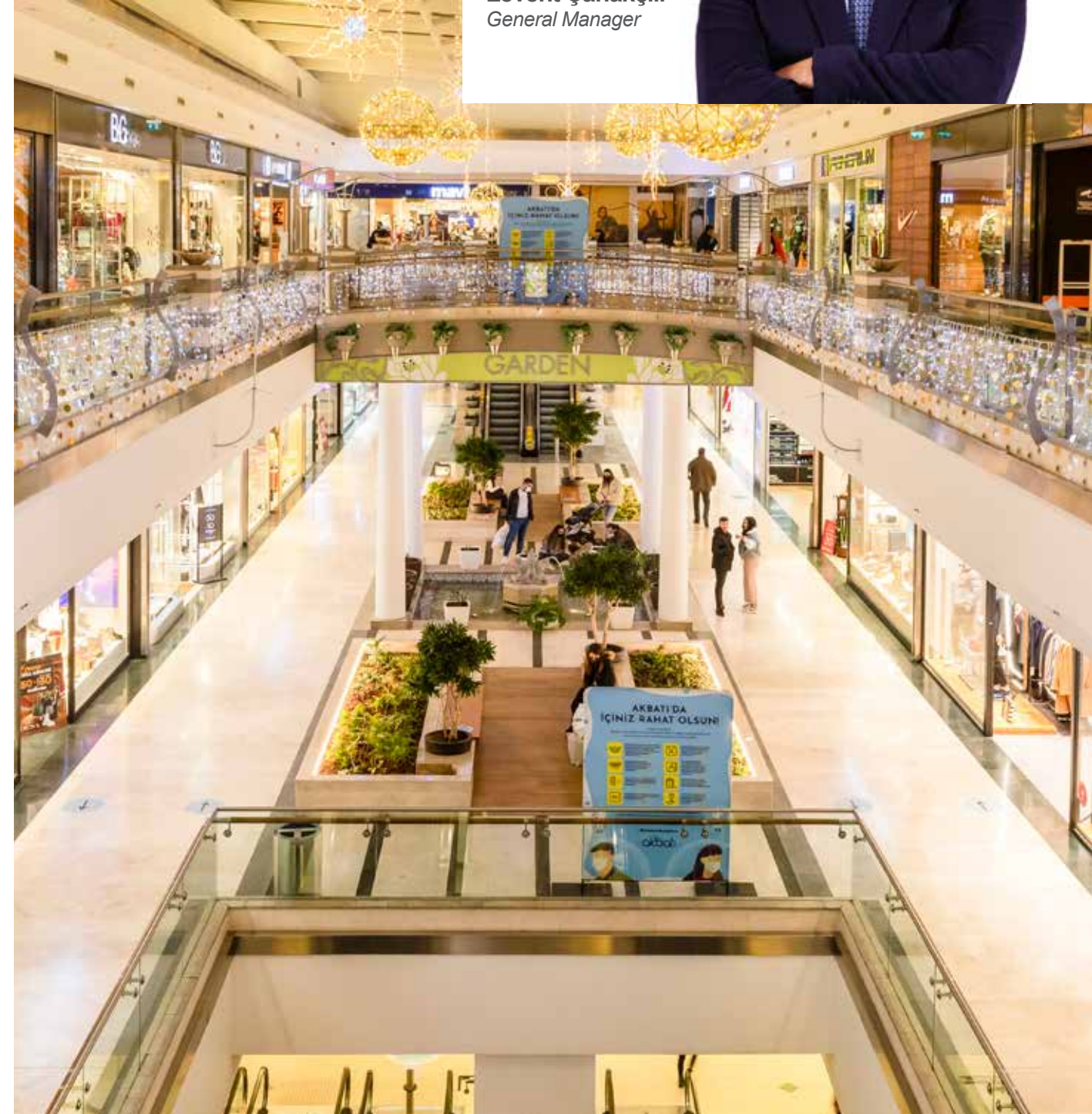
Our shopping centers were deemed qualified to receive the “Zero Waste Certificate” from the Ministry of the Environment and Urbanization in return for the Waste Management works they successfully realized.

At Akyaşam, our Akasya and Akbatı Shopping Centers have been certified in accordance with the DAKKS German Accreditation for integrated “ISO 45001 Occupational Health and Safety” and the “ISO 14001 Environmental Management System”.

By providing the health and hygiene conditions at the highest level during the pandemic, our company has become a pioneer and was followed in the sector with the precautions and good practices it has undertaken. Our shopping malls have received the TSI “Covid-19 Safe Service Certificate”, TÜV-Süd “Hygiene and Protective Measures Inspection” and Royal Cert “SAFE Covid-19 Safe Area Certificate”.

Akyaşam will continue to undersign projects that will make a difference in the sector by closely following the constantly changing industry trends.

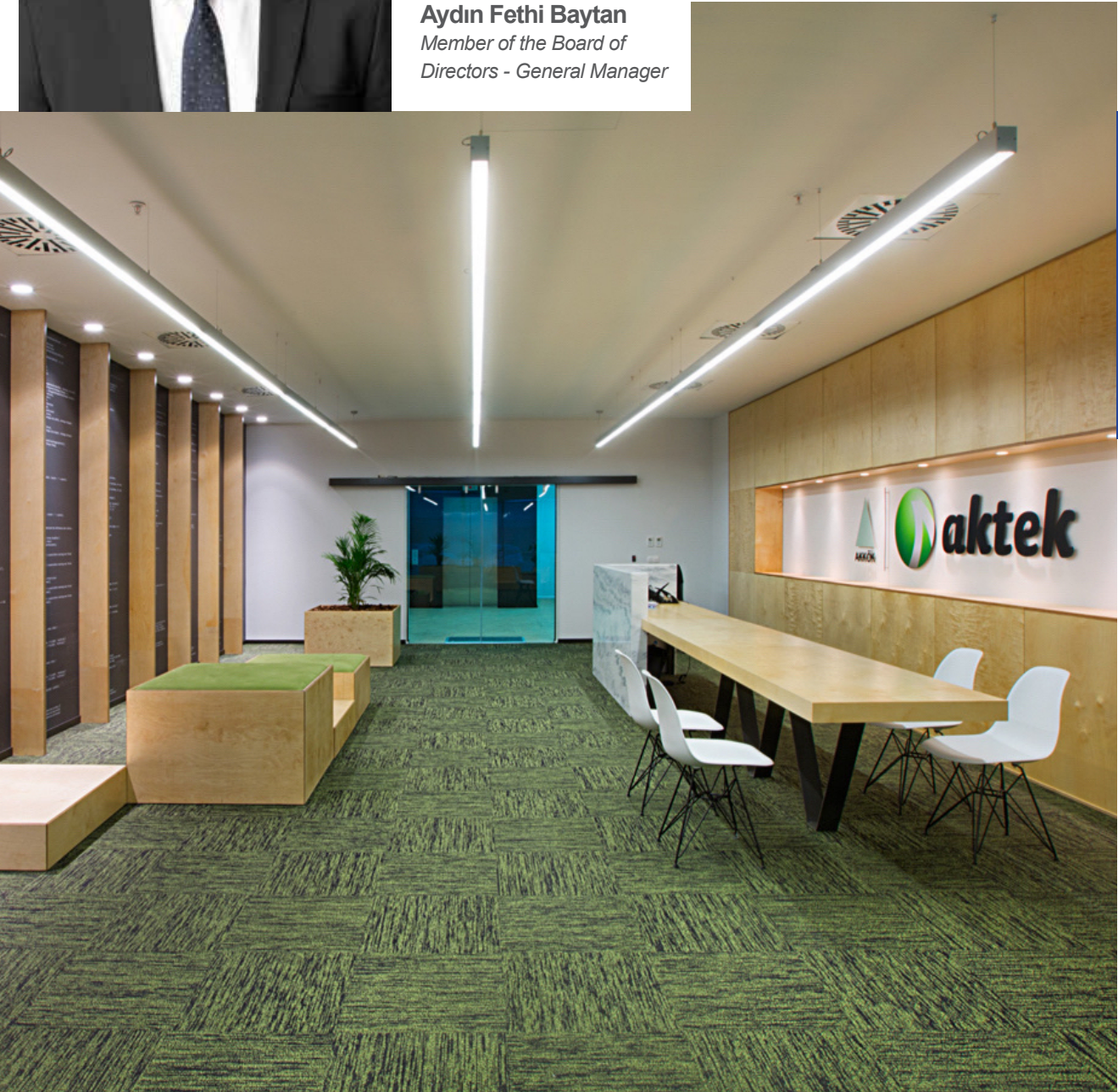
Levent Çanakçılı
General Manager





“Serving Akk k Group companies as the closest business partner in their IT needs in 2021, Aktek has worked to add digital solutions of the new normal to its portfolio. Thus, with its approach that creates value for its customers, Aktek raised its non-Group customer turnover share in 2021.”

Aydin Fethi Baytan
Member of the Board of
Directors - General Manager



Aktek Bilgi İletişim Teknolojisi San. ve Tic. A. .

Aktek, which closely follows the developments in the field of Information Technologies and continues its R&D studies, aims at high standards in its services and produces end-to-end integrated applications and solutions that will keep the technological infrastructures of holding companies up to date.

During the Covid-19 pandemic, IT infrastructure services of all Akk k Group companies were maintained uninterruptedly, and with the IT infrastructure investments it made, it enabled its customers to work remotely with a high level of performance.

Within the scope of improving customer focus, an independent research institution conducted a customer satisfaction survey regarding Aktek’s activities in 2021. In line with the results of the survey, critical development areas that stand out are identified and action and improvement studies continue.

Our cloud-based A-Collex product, which we developed together with Akış REIT, one of our strategic partners, in 2021, has been put into use in Akasya and Akbatı, one of Turkey’s leading shopping centers.

In 2021, business development studies were carried out with Turkcell, and Turkcell was provided with Oracle Development services. In addition, Oracle infrastructure service agreements were signed with the Credit Registration Office (CRO).

Aktek has successfully completed 2 EMRA (Energy Market Regulatory Authority) supported projects in 2021. The names of the completed projects are the Smart Door Access System Project capable of Occupational Safety Control in Substations and the Occupational Health Early Warning System Project. In addition, together with the ongoing Text-Based

Intelligent (ChatBot) Answering Project, the Ayartes (Lighting Failure Detection System) Project has been added to the project catalog in 2021.

In addition to these activities, Aktek carried out manufacturer-independent RPA (Robotic Process Automation) applications for the digital transformation of business processes in all of our customers in 2021.

“Aktek Chemical Industry-Specific Production, Management and Enterprise Resource Planning Software” was successfully implemented at USK Kimya, which Akkim acquired in 2021. In addition, Akcoat system infrastructure project and Aksa yarn factory hardware and Oracle ERP projects were successfully completed.

In 2021, network and information technology infrastructure projects of Istanbul Health and Technology University were carried out.

“A variety of Corporate Business Applications for the Banabi business line” software was developed for Yemek Sepeti.

System management services support was provided to Sanal Mağaza.

Work has been done with Taysad Group and Taysad Group has entrusted the infrastructure of its systems to Aktek.

Throughout 2021, Teknograph bulletins are published monthly for our in-group customers, which lead the way in the development of projects that will contribute to the digital transformation of Akk k group companies and raise their digital indices, and also show sectoral innovations.

Aktek has obtained 23% of its turnover in 2021 from projects it has done for non-group companies.



Ercan Erbek
Member of the Board of
Directors - General Manager

insurtech
HUB

T RKİYE INSURTECH  D LLERİ 2022

En Insurtech Acente



Dinkal Sigorta Acenteliđi A. .

“From the first day we were founded, we have always been by your side in the most difficult days when you needed us. We will continue to be with you in the future with our advantageous services, expert team and all our corporate strength, which we currently provide to our customers, backed by the assurance of more than 25 insurance companies.”

Since its founding in 1976, Dinkal Sigorta Acenteliđi A. . has ranked among the preferred companies in the insurance sector, thanks to its exclusive services approach which successfully meets customer needs and expectations. The company, which has the potential to provide services in all areas of insurance, works with more than 20 insurance companies in the sector and provides alternative solutions for the needs of its customers, enabling them to gain a major advantage.

While Dinkal offers classic/individual segment insurance policies for individual customers such as health, automobile insurance, traffic, housing and natural disasters, Dinkal also provides engineering, logistics, profit loss, receivables (loan), executive responsibility, etc., which include comprehensive coverages for corporate customers. It is especially specialized in the construction, chemical and energy sectors, which are the main sectors of the group. Starting from the project phase of large power plants, it can offer special studies for the risks emanating from management as well, from local and foreign sources with alternatives.

As of the end of 2021, Dinkal, with 45 years of service, has turned the customer-focused service approach into a principle.

Dinkal decided to add a new area to the services offered to insurers, and launched sigortak p .com for the use of existing and potential customers in 2016, offering a fast, solution-oriented and extensive service range in the developing digital world. In 2018, the Company started to sell online and provided an alternative solution environment that will enable its customers to reach all the insurance solutions they need in a short time without wasting time. Existing and potential customers in this new digital platform can reach Dinkal’s customer representative in a short process for all their insurance needs, view their policies through the policy book, make damages notifications, and submit their opinions and questions on any subject needed.

TEXTILES

- **Aksa Egypt Acrylic Fiber Industry S.A.E.**





“With a sales of 9,300 tons and a turnover of up to USD 28 million in 2021, Aksa Egypt maintained its position as the sole producer of the Egyptian market.”

Aksa Egypt Acrylic Fiber Industry S.A.E.

Aksa Egypt is a subsidiary of Aksa with a 99.8% shareholding, which extends Aksa’s operations in the entire North African region, particularly in Egypt. With a sales of 9,300 tons and a turnover of up to USD 28 million in 2021, Aksa Egypt maintained its position as the sole producer of the Egyptian market. Rising commodity prices and demand fluctuations in the acrylic fiber market, especially the pandemic in 2021, also had an impact in Egypt and the surrounding markets. In 2022, depending on the developments in Egypt and the surrounding markets, the plan is to simplify the production line and to support these markets from Turkey.



Consolidated Financial Statements at 31 December 2021 Together With Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT



To the Board of Directors of Akkök Holding Anonim Şirketi

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Akkök Holding Anonim Şirketi (the "Company") and its subsidiaries (together the "Group") as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

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

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

- Identify and assess the risks of material misstatement of 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.
- Obtain an understanding of 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 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.

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



Ediz Günsel, SMMM
Partner

Istanbul, 30 May 2022

Akkök Holding A.Ş.

Consolidated Statements of Financial Position

at 31 December 2021 and 2020

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

		Audited	Audited
	Note	31 December 2021	31 December 2020
	References		
ASSETS			
Cash and cash equivalents	5	3,994,741	1,684,093
Financial investments	6	645,856	581,592
Derivative financial instruments	22	103,332	24,115
Trade receivables		3,242,917	1,740,749
- Trade receivables from related parties	8, 9	92,612	75,074
- Trade receivables from third parties	9	3,150,305	1,665,675
Other receivables		57,302	13,461
- Other receivables from related parties	8	-	2,700
- Other receivables from third parties		57,302	10,761
Inventories	10	2,586,036	1,414,336
Prepaid expenses	11	234,540	73,010
Current income tax assets	30	4,407	10,033
Other current assets	19	402,196	164,445
Subtotal		11,271,327	5,705,834
Assets held for sale	20	2,141	170,787
Current assets		11,273,468	5,876,621
Trade receivables		141,461	101,637
- Trade receivables from third parties	9	141,461	101,637
Other receivables		24,475	17,516
- Other receivables from related parties	8	19,159	15,103
- Other receivables from third parties		5,316	2,413
Derivative financial instruments	22	18,068	2,028
Financial investments	6	162,884	73,405
Investments accounted using the equity method	7	1,323,755	948,331
Investment properties	12	7,106,765	5,444,391
Property, plant and equipment	13	3,209,068	2,199,815
Right of use asset	15	72,236	69,249
Intangible assets		597,863	284,508
- Goodwill	16	185,911	58,200
- Other intangible assets	14	411,952	226,308
Prepaid expenses	11	121,238	70,575
Deferred tax assets	30	199,661	47,255
Other non-current assets	19	3,487	3,150
Non-current assets		12,980,961	9,261,860
TOTAL ASSETS		24,254,429	15,138,481

The consolidated financial statements for period 1 January - 31 December 2021 were approved by the Board Directors on 16 March 2022.

Akkök Holding A.Ş.

Consolidated Statements of Financial Position

at 31 December 2021 and 2020

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

		Audited	Audited
	Note	31 December 2021	31 December 2020
	References		
LIABILITIES			
Short-term borrowings	21	3,848,380	1,653,451
Short-term portion of long-term	21	1,720,864	731,933
Derivative financial instruments	22	7,143	133,130
Trade payables		4,138,182	1,200,206
- Trade payables to related parties	8, 9	55,373	82,283
- Trade payables to third parties	9	4,082,809	1,117,923
Other payables		80,854	24,687
- Other payables to related parties	8	30,590	8,562
- Other payables to third parties		50,264	16,125
Payable regarding employee benefits		26,952	17,692
Deferred income	11	743,276	246,996
Current income tax liabilities	30	58,210	25,304
Short-term provisions		120,842	86,620
- Short-term provisions for employment benefits	18	95,628	65,181
- Other short-term provisions	17	25,214	21,439
Other short-term liabilities	19	18,911	519
Current liabilities		10,763,614	4,120,538
Long-term borrowings	21	4,036,247	3,829,102
Derivative financial instruments	22	-	3,450
Trade payables		5,409	4,739
- Trade payables to third parties	9	5,409	4,739
Other payables		-	2,252
- Other payables to third parties		-	2,252
Deferred income	11	4,405	2,925
Long-term provisions		110,713	70,590
- Long-term provisions for employment benefits	18	110,713	70,590
Deferred income tax liabilities	30	47,680	36,129
Other long-term liabilities	19	30,210	18,034
Non-current liabilities		4,234,664	3,967,221
TOTAL LIABILITIES		14,998,278	8,087,759

Akkök Holding A.Ş.

Consolidated Statements of Financial Position

at 31 December 2021 and 2020

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

		Audited	Audited
	Note	31 December 2021	31 December 2020
	References		
Equity attributable to equity holders of the parent			
Paid-in share capital	23	1,003,450	1,003,450
Adjustments to share capital		(10,406)	(10,406)
Total paid-in capital		993,044	993,044
Merger offsetting account		154,442	154,442
Repurchased shares		(7,485)	(8,650)
Premiums on shares		7,296	7,296
Other comprehensive income/expense to be reclassified to profit or loss			
- <i>Change in fair value of financial assets</i>		2,847	4,668
- <i>Hedging reserves</i>		(416,529)	(77,356)
- <i>Currency translation differences</i>		355,708	180,071
Other comprehensive income/expense not to be reclassified to profit or loss			
- <i>Actuarial gain/loss arising from defined benefit plans</i>		(28,491)	(17,449)
Restricted reserves		43,824	34,318
Retained earnings		1,079,182	784,772
Net profit for the year		1,216,763	444,960
Total equity attributable to equity holders of the parent		3,400,601	2,500,116
Non-controlling interests		5,855,550	4,550,606
TOTAL EQUITY		9,256,151	7,050,722
TOTAL EQUITY AND LIABILITIES		24,254,429	15,138,481

Akkök Holding A.Ş.

Consolidated Statements of Profit or Loss for the Years

Ended 31 December 2021 and 2020

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

		Audited	Audited
	Note	1 January - 31 December 2021	1 January - 31 December 2020
	References		
Revenue	24	12,154,893	6,179,380
Cost of sales (-)	24	(8,636,877)	(4,325,231)
Gross profit		3,518,016	1,854,149
General administrative expenses (-)	25	(301,305)	(208,104)
Marketing and selling expenses	25	(287,857)	(160,171)
Research and development expenses		(55,977)	(38,170)
Other operating income	26	2,108,834	690,074
Other operating expenses (-)	26	(2,117,091)	(647,265)
Operating profit		2,864,620	1,490,513
Income from investment activities	27	1,567,219	114,492
Expense from investment activities (-)	27	(21)	(166,937)
Profit or loss from investments accounted using the equity method	7	(124)	107,481
Operating profit before finance income and expense		4,431,694	1,545,549
Finance income	29	2,339,919	1,181,218
Finance expenses (-)	29	(3,826,815)	(2,059,915)
Profit before tax from continuing operations		2,944,798	666,852
Current income tax expense	30	(167,900)	(93,440)
Deferred tax income/(expense)	30	(60,260)	10,121
Net profit for the period		2,716,638	583,533
Profit for the period attributable to:			
Equity holders of the parent		1,216,763	444,960
Non-controlling interest		1,499,875	138,573
Net profit for the period		2,716,638	583,533

Akkök Holding A.Ş.
Consolidated Statements of Other Comprehensive Income
for the Years Ended 31 December 2021 and 2020
(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Note References	Audited 1 January - 31 December 2021	Audited 1 January - 31 December 2020
Net profit for the period		2,716,638	583,533
Other comprehensive income:			
Items to be reclassified to profit or loss			
-Currency translation differences		92,408	32,483
- (Gain)/loss on cash flow hedge		(1,068,753)	(94,571)
-Gain/(loss) on cash flow hedge, tax effect	30	238,500	25,377
-(Gain)/loss on fair value of financial investments measured at fair value through other comprehensive income		(1,917)	383
-Gain/(loss) on fair value of financial investments measured at fair value through other comprehensive income, tax effect	30	96	(19)
-Gain/(loss) on currency translation differences from investments accounted using the equity method		366,371	85,147
Items not to be reclassified to profit or loss			
-Actuarial (gain)/loss arising from defined benefit plans		(24,348)	(7,353)
-Actuarial gain/(loss) arising from defined benefit plans, tax effect	30	5,912	1,496
-(Gain)/loss not to be classified from other comprehensive income to investments accounted using equity method		(3,970)	147
-Gain/(loss) not to be classified from other comprehensive income to investments accounted using equity method, tax effect	30	794	(30)
Total comprehensive income		2,321,731	626,593
Total comprehensive income attributable to:			
Equity holders of the parent		1,040,364	449,579
Non-controlling interest		1,281,367	177,014
Total comprehensive income		2,321,731	626,593

Akkök Holding A.Ş.
Consolidated Statements of Changes in Equity for the
for the Years Ended 31 December 2021 and 2020
(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Change in fair value of financial assets measured at fair value	Items to be reclassified to profit or loss	Items not to be reclassified to profit or loss	Actuarial arising from defined benefit plans	Hedging reserve	Restricted reserves	Premium on shares	Merger offsetting account	Repurchased shares	Retained earnings	Net profit for the period	Total equity attributable to owners of the parent	Nonshare controlling interests	Total equity
Balance at 1 January 2020	1,003,450	(10,406)	4,304	135,013	(39,395)	(14,607)	28,179	7,296	154,442	(20,154)	535,616	365,826	2,149,564	4,546,125
Transfers	-	-	-	-	-	-	6,139	-	-	-	359,687	(365,826)	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	891	(91,457)	-	(90,566)	(197,221)
Total comprehensive income	-	-	364	45,068	(37,961)	(2,842)	-	-	-	-	444,960	449,579	177,014	(287,787)
Effect of change in effect rate of the subsidiaries	-	-	-	-	-	-	-	-	-	-	(26,400)	-	(26,400)	626,593
Increase (decrease) due to repurchase of shares ⁽¹⁾	-	-	-	-	-	-	-	-	-	-	-	-	(6,800)	(33,200)
Balance at 31 December 2020	1,003,450	(10,406)	4,668	180,071	(77,356)	(17,449)	34,318	7,296	154,442	(8,650)	784,772	444,960	2,500,116	4,550,606
Balance at 1 January 2021	1,003,450	(10,406)	4,668	180,071	(77,356)	(17,449)	34,318	7,296	154,442	(8,650)	784,772	444,960	2,500,116	4,550,606
Transfers	-	-	-	-	-	-	9,506	-	-	-	435,454	(444,960)	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	(145,478)	-	(145,478)	(387,957)
Total comprehensive income	-	-	(1,821)	175,637	(339,173)	(11,042)	-	-	-	-	1,216,763	1,040,364	1,281,367	2,321,731
Effect of change in effect rate of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	213,769	213,769
Increase (decrease) due to subsidiary acquisition	-	-	-	-	-	-	-	-	-	-	(14)	(14)	(16)	(30)
Increase (decrease) due to repurchase of shares ⁽¹⁾	-	-	-	-	-	-	-	-	-	-	-	-	49,478	49,478
Balance at 31 December 2021	1,003,450	(10,406)	2,847	355,708	(416,529)	(28,491)	43,824	7,296	154,442	(7,485)	1,079,182	1,216,763	3,400,601	5,855,550

⁽¹⁾ Transactions regarding the repurchase of shares by held Akis and Akis.

Akkök Holding A.Ş.
Consolidated Statements of Cash Flows
for the Years Ended 31 December 2021 and 2020

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

	Note	Audited	Audited
	References	1 January - 31 December 2021	1 January - 31 December 2020
Net profit (loss) for the period		2,716,638	583,533
Adjustments:			
Adjustments related to depreciation and amortization expenses	13, 14, 15	288,535	236,827
Adjustments related to provisions		167,232	133,558
Adjustments related to interest income and expense	29	278,974	268,585
Profit/losses from investments accounted using the equity method	7	124	(107,481)
Dividend income		-	(167)
Adjustments for gain (loss) on sale of property, plant and equipment and intangibles and investment properties		(25,346)	(47,618)
Adjustments for (losses)/gains on sale of investment property	27	(146,689)	-
Gain on fair value changes of financial assets and liabilities		(2,577,617)	16,537
Adjustments to tax expense	30	228,160	83,319
Unrealized foreign currency translation differences		3,658,871	910,289
Cash flows from operating activities before changes in assets and liabilities		4,588,882	2,077,382
Changes in assets and liabilities			
Adjustments for increase/decrease in trade receivables		(1,471,539)	(429,952)
Adjustments for increase/decrease in trade and other receivables from related parties		(17,161)	31,973
Adjustments for increase/decrease in inventories		(1,489,130)	16,742
Adjustments for increase/decrease in other assets		(277,640)	(9,600)
Increases/(decreases) in prepaid expenses		(210,494)	(30,087)
Adjustments for increase/decrease in trade payables		2,949,989	(121,483)
Adjustments for increase/decrease in trade and other payables to related parties		(25,637)	28,662
Adjustments for increase/decrease in other liabilities		47,800	56
Increases/(decreases) in deferred income		487,647	107,421
Increase (decrease) in employee benefits		6,410	2,489
Tax payments	30	(140,793)	(81,021)
Employee termination benefits paid	18	(47,521)	(32,883)
Other increase/decrease from operating activities		-	(7,057)
Cash flows from operating activities		4,400,813	1,552,642

Akkök Holding A.Ş.
Consolidated Statements of Cash Flows
for the Years Ended 31 December 2021 and 2020

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

	Note	Audited	Audited
	References	1 January - 31 December 2021	1 January - 31 December 2020
Investing activities			
Cash outflows from purchases to obtain control of subsidiaries	16	(482,327)	-
Cash outflows from purchases of property, plant and equipment and intangible assets	13	(968,392)	(495,679)
Cash inflows from sale of property, plant and equipment and intangible assets		15,083	65,422
Cash inflows from sale of shares of investments accounted using the equity method		1,907	6,988
Cash outflows capital increases in associates	7	(2,930)	(35,450)
Cash outflows from purchase of financial investments	6	(261,942)	(106,901)
Cash outflows from the purchase of investment property	12	(10,830)	(98,914)
Cash inflows from the sale of investment property		58,445	4,266
Dividend received		10,282	8,743
Cash outflows from the purchase of shares of subsidiaries		(30)	(33,200)
Cash inflows from the sale of non-current assets classified as held for sale		315,335	-
Change in investment for inventories (residences)		-	(12,750)
Cash (inflows)/outflows from investing activities		(1,325,399)	(697,475)
Financing activities			
Cash inflows from borrowings obtained	21	4,376,305	5,049,338
Cash inflows from borrowings paid	21	(4,896,578)	(5,276,111)
Cash outflows from payments of lease liabilities		(14,540)	(22,532)
Cash inflows from share issuance or capital increase		213,769	-
Cash outflows from the acquisition of own shares and other equity instruments		8,438	49,427
Dividend paid		(145,478)	(90,566)
Dividend payments to non-controlling shares		(242,479)	(197,221)
Interest paid		(160,468)	(110,593)
Interest received		97,586	72,033
Cash inflows/outflows from financing activities		(763,445)	(526,225)
Net increase/(decrease) in cash and cash equivalents		2,311,969	328,942
Net change in restricted cash	5	(21,513)	18,794
Cash and cash equivalents at the beginning of the period	5	1,655,862	1,308,126
Cash and cash equivalents at the end of the period	5	3,946,318	1,655,862

Akkök Holding A.Ş.
Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2021

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

NOTE 1 - GROUP’S ORGANIZATION AND NATURE OF OPERATIONS

Akkök Holding Anonim Şirketi (“Akkök”) was established in 1979. Akkök, its subsidiaries, joint ventures and associates (all together referred as “the Group”) mainly operate in the chemicals, energy, real estate, composite, coating and textile sectors and engage in manufacturing of all kinds of raw materials, auxiliary materials and intermediate substances, artificial, synthetic and natural fibres, carbon fibres, composite part, filament and polymers, and any equipment, machinery or spare parts used in the production, processing or storage of these, importing and exporting, establishment of domestic, foreign and international branches, marketing and trading, coating of the materials such as metal sheet, stainless steel, aluminium, ceramic tile, sanitary ware, porcelain and glass, establishment and start-up and rental of energy generation plant, electricity generation and sale of generated electricity or capacity to customers and purchase and sale of or investing in real estate properties. The Group, in addition to its main operation also has operations in restaurant management, marketing, air transport, information technology, insurance agency, and tourism companies.

The Group’s ultimate parents are A.R.D Holding Anonim Şirketi, NDÇ Holding Anonim Şirketi, and Atlantik Holding Anonim Şirketi, which are being controlled by Dinçkök family members (Note 23).

On 22 April 2014, at the general assembly for 2013, the Company has changed its title to Akkök Holding Anonim Şirketi from Akkök Sanayi Yatırım ve Geliştirme Anonim Şirketi with the amendment of 3rd Article of Company’s articles of association and following the decision, change of the title has been registered on trade registry 13 May 2014 followed by the declaration on 20 May 2014,

Akkök Holding Anonim Şirketi is registered in Turkey and the address of the registered office is as follows: Miralay Şefik Bey Sokak No: 15 Akhan Gümüşsuyu 34437 İstanbul

Akkök Holding A.Ş.
Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2021

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

Subsidiaries

The subsidiaries of Akkök, the countries they are incorporated in, and the nature of their businesses are as follows:

Subsidiaries	Country of incorporation	Nature of business
Akiş Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (“Akiş”)	Turkey	Real estate investment
Karlıtepe Gayrimenkul Geliştirme ve Yatırım Anonim Şirketi (“Karlıtepe”)	Turkey	Real estate investment
Akyaşam Yönetim Hizmetleri Anonim Şirketi	Turkey	Real estate investment
Akasya Çocuk Dünyası Anonim Şirketi	Turkey	Real estate investment
Aksu Real Estate E.A.D. (“Aksu Real Estate”)	Bulgaria	Real estate investment
Akkim Kimya Sanayi ve Ticaret Anonim Şirketi (“Akkim”) ^(*)	Turkey	Chemicals
Akcoat İleri Kimyasal Kaplama Malzemeleri		
Sanayii ve Ticaret Anonim Şirketi (“Akcoat”)	Turkey	Chemicals
Akkim Silikon Kimya Sanayi ve Ticaret A.Ş. ^(**)	Turkey	Chemicals
Akcoat USA Inc.	USA	Chemicals
Akcoat Recubrimientos Quimicos		
Espacializados, S.L.U.” (“Akcoat Spain”)	Spain	Chemicals
Akcoat Recubrimientos Quimicos Espacializados		
S. de R.L. de C.V (“Akcoat Meksika”)	Mexico	Chemicals
Dinox Handels GmbH (“Dinox”)	Germany	Chemicals
Tasfiye Halinde Akmeltem Poliüretan Sanayi ve Ticaret Anonim Şirketi (“Akmeltem”)	Turkey	Chemicals
Aksa Akrilik Kimya Sanayii Anonim Şirketi (“Aksa”)	Turkey	Chemicals
Aksa Egypt Acrylic Fiber Industry SAE (“Aksa Egypt”)	Egypt	Textile
Ak Havacılık ve Ulaştırma Hizmetleri Anonim Şirketi (“Ak Havacılık”) ^(***)	Turkey	Aviation
Akmerkez Lokantacılık Gıda		
Sanayi ve Ticaret Anonim Şirketi (“Akmerkez Lokanta”)	Turkey	Restaurant management
Ak-Pa Tekstil İhracat Pazarlama Anonim Şirketi (“Akpa”)	Turkey	International trade
Aktek Bilgi İletişim Teknolojisi San. ve Tic. Anonim Şirketi (“Aktek”)	Turkey	Information technologies
Dinkal Sigorta Acenteliği Anonim Şirketi (“Dinkal”)	Turkey	Insurance agency
Zeytinliada Turizm ve Ticaret Anonim Şirketi (“Zeytinliada”)	Turkey	Tourism
Epsilon Kompozit Teknoloji ve Savunma Sanayi A.Ş. (“Epsilon”) ^(****)	Turkey	Chemicals

^(*) The trade name of Ak-Kim Kimya Sanayi ve Ticaret Anonim Şirketi (“Ak-kim”), a subsidiary of the Group, has been changed to Akkim Kimya Sanayi ve Ticaret Anonim Şirketi (“Akkim”). Akkim completed its legal merger on May 31, 2021 by purchasing 100% of the shares of USK Kimya Anonim Şirketi in 2021 (Note 16).

^(**) Akkim Silikon was established on September 17, 2021.

^(***) As of October 26, 2021, all its shares were transferred and its subsidiary was terminated.

^(****) Based on the Share Transfer Agreement signed on July 2, 2021, Akkök became the controlling partner of Epsilon as of September 13, 2021.

Akkök Holding A.Ş.
Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2021

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

Joint ventures

The joint ventures of Akkök, the countries they are incorporated in, and the nature of their businesses and joint venture partners are as follows:

Joint Ventures	Country of incorporation	Nature of business	Joint venture partner
Akcez Enerji Yatırımlar Sanayi ve Ticaret Anonim Şirketi (“Akcez”)	Turkey	Energy	CEZ a,s,
Sakarya Elektrik Dağıtım Anonim Şirketi (“Sedaş”)	Turkey	Energy	CEZ a,s,
Sakarya Elektrik Perakende Satış Anonim Şirket (“Sepaş”)	Turkey	Energy	CEZ a,s,
Sepaş Akıllı Çözümler A.Ş. (“Sepaş”)	Turkey	Energy	CEZ a,s,
Akenerji Elektrik Üretim Anonim Şirketi (“Akenerji”)	Turkey	Energy	CEZ a,s,
Akenerji Doğalgaz İthalat İhracat ve Toptan Ticaret Anonim Şirketi	Turkey	Energy	CEZ a,s,
Akenerji Elektrik Enerjisi İthalat-İhracat ve Toptan Ticaret Anonim Şirketi	Turkey	Energy	CEZ a,s,
Ak-el Kemah Elektrik Üretim Anonim Şirketi (“Kemah”)	Turkey	Energy	CEZ a,s,
Ak-el Sungurlu Elektrik Üretim A.Ş. (“Akel Sungurlu”) (*)	Turkey	Energy	CEZ a,s,
DowAksa Advanced Composites Holding B,V, (“DowAksa”)	Netherlands	Chemicals	Dow Europe Holdings B,V,
DowAksa İleri Kompozit Malzemeler San, Ltd, Şirketi	Turkey	Chemicals	Dow Europe Holdings B,V,
DowAksa Switzerland GmbH	Switzerland	Chemicals	Dow Europe Holdings B,V,
DowAksa USA LLC	USA	Chemicals	Dow Europe Holdings B,V,
DowAksa Deutschland GmbH	Germany	Chemicals	Dow Europe Holdings B,V,
DowAksa Rus LLC	Russia	Chemicals	Dow Europe Holdings B,V
Akiş- Mudanya Adi Ortaklığı	Turkey	Real Estate	Mudanya Gayrimenkul Geliştirme ve Yatırım A.Ş.
WMG London Developments L.P.	England	Real Estate	-
OXR Limited	England	Real Estate	-

Associates

The associates of Akkök, the countries they are incorporated in, and the nature of their businesses are as follows:

Associates	Country of incorporation	Nature of business
Akmerkez Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (“Akmerkez”)	Turkey	Real Estate Development

(*) As of 31 December 2021, Akenerji Toptan has a free purchase option of Akenerji Toptan’s shares at any time and Akenerji Toptan has the controlling power within the scope of the capacity lease agreement and usufruct right agreement signed between Akenerji Toptan and Akel Sungurlu. Sungurlu has been consolidated in the financial statements using the full consolidation method.

Akkök Holding A.Ş.
Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2021

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

Financial investments

The financial investments of Akkök, the countries they are incorporated in, and the nature of their businesses are as follows:

Financial investments	Country of incorporation	Nature of business
Akhan Bakım Yönetim Servis Hizmet Ticaret Anonim Şirketi (“Akhan”)	Turkey	Service
Üçgen Bakım ve Yönetim Hizmetleri Anonim Şirketi (“Üçgen”)	Turkey	Service

Subsidiaries that are not material to the consolidated financial statements and financial investments that do not have quoted fair values or for which fair values cannot be reliably measured through alternative methods, are measured at cost less any impairment.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

The accompanying consolidated financial statements of the Group has been prepared in accordance with the International Accounting Standards (“IAS”) issued by International Accounting Standards Board (“IASB”). IAS contains International Accounting Standards, International Financial Reporting Standards (“IFRS”) and its addendum and interpretations (“IFRIC”).

Akkök, its subsidiaries, joint ventures and associates maintains its accounting records and prepares its statutory financial statements in accordance with Public Oversight Accounting and Auditing Authority of Turkey’s decision and General Communiqués on Accounting Systems Practices (“ASGC”), in Turkish Liras, in accordance with the requirements of Turkish Commercial Code (the “TCC”). These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with IFRS.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates, It also requires management to exercise judgment in the process of applying the Group’s accounting policies, The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

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2.2 Principles of consolidation

The significant accounting policies used during the preparation of these consolidated financial statements are summarised below:

- a. The consolidated financial statements include the accounts of the parent company, Akkök, its subsidiaries, joint ventures and associates on the basis set out in sections (b) to (e) below. 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 are prepared in accordance with IFRS as explained in Note 2.1. The results of operations of subsidiaries, joint ventures and associates are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of sale respectively.
- b. Subsidiaries are companies in which Akkök has the power to control their financial and operating policies. Akkök’s control over the investee, only and only when all of the following indicators are available; (a) has power over the investee, (b) the exposure to variable returns from its involvement with the investee or is entitled to these returns, and (c) has the ability to use its power over the investee to affect the amount of return to be earned.

Such control is established through the joint exercise of; (a) the voting rights of Akkök and its subsidiaries, (b) the voting rights of certain members of Dinçkök family and the related shareholders who declared to exercise their voting rights inline with Akkök’s voting preference, and (c) the voting rights of entities that are controlled by the family members mentioned above and the related shareholders, which declared to exercise their voting rights inline with Akkök’s voting preference. Effective interest rate represents the effective shareholding of the Group through the shares held directly by Akkök and indirectly by its subsidiaries in the consolidated financial statements, interests owned by the Dinçkök family members are presented as non-controlling interests.

The statements of balance sheets and statements of comprehensive income of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Akkök and its subsidiaries is eliminated against the related equity. Intercompany transactions and balances between Akkök and its subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by Akkök in its subsidiaries are eliminated from equity and income for the period, respectively.

The portion of the profit or loss and net assets of subsidiaries attributable to equity interests that are not owned, directly or indirectly through the subsidiaries, by the parents, is presented as non-controlling interest.

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The table below sets out the proportion of voting power held by Akkök and its subsidiaries and effective ownership interests at 31 December 2020 and 2019:

Subsidiaries	Voting power held by Akkök and its subsidiaries (%) ⁽¹⁾		Voting power held by certain Dinçkök family members and related shareholders (%) ⁽²⁾		Total voting power held (%)		Effective interest (%) ⁽³⁾	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Ak Havacılık ve Ulaştırma Hizmetleri Anonim Şirketi	-	100.00	-	-	-	100.00	-	100.00
Akkim Kimya Sanayi ve Ticaret Anonim Şirketi	42.00	42.00	31.30	31.30	73.30	73.30	42.00	42.00
Alcoat İleri Kimyasal Kaplama Malzemeleri Sanayi ve Ticaret Anonim Şirketi	100.00	100.00	-	-	100.00	100.00	42.00	42.00
Alcoat Recubrimientos Químicos Espacializados, S.L.U.	100.00	100.00	-	-	100.00	100.00	42.00	42.00
Alcoat Recubrimientos Químicos Espacializados S. de R.L. de C.V	100.00	100.00	-	-	100.00	100.00	42.00	42.00
Akcoat USA Inc.	100.00	100.00	-	-	100.00	100.00	42.00	42.00
Akkim Silikon Kimya Sanayi ve Ticaret A.Ş. (4)	65.00	-	-	-	65.00	-	27.30	-
Dinox Handels GmbH	100.00	100.00	-	-	100.00	100.00	42.00	42.00
Tasfiye Halinde Akmeltem Polüretan Sanayi ve Ticaret Anonim Şirketi	50.00	50.00	1.67	1.67	51.67	51.67	50.00	50.00
Akmerkez Lokantacılık Gıda Sanayi ve Ticaret Anonim Şirketi	43.75	43.75	-	-	43.75	43.75	43.75	43.75
Ak-Pa Tekstil İhracat Pazarlama Anonim Şirketi	86.69	86.69	-	-	86.69	86.69	86.69	86.69
Aksa Akrilik Kimya Sanayi Anonim Şirketi	39.59	39.59	19.74	18.82	59.33	58.41	39.59	39.59
Aksa Egypt Acrylic Fiber Industries SAE	100.00	100.00	-	-	100.00	100.00	39.67	39.67
Dinkal Sigorta Acenteliği Anonim Şirketi	96.66	96.66	-	-	96.66	96.66	96.66	96.66
Zeytinlada Turizm ve Ticaret Anonim Şirketi	89.80	89.61	-	-	89.80	89.61	89.80	89.61
Epsilon Kompozit Teknoloji ve Savunma Sanayi A.Ş. (5)	10.20	-	40.80	-	51.00	-	10.20	-
Akış Gayrimenkul Yatırım Ortaklığı Anonim Şirketi	14.66	14.66	37.59	38.26	52.25	52.92	14.66	14.66
Aksu Real Estate E.A.İ.D.	100.00	100.00	-	-	100.00	100.00	14.66	14.66
Akyaşım Yönetim Hizmetleri Anonim Şirketi	100.00	100.00	-	-	100.00	100.00	14.66	14.66
Akasya Çocuk Dünyası Anonim Şirketi	100.00	100.00	-	-	100.00	100.00	14.66	14.66
Karitepe Gayrimenkul Geliştirme ve Yatırım ve Anonim Şirketi	100.00	100.00	-	-	100.00	100.00	14.66	14.66
Aktek Bilgi İletişim Teknolojisi San. ve Tic. Anonim Şirketi (6)	100.00	100.00	-	-	100.00	100.00	100.00	100.00

(1) Represents total direct ownership interest held by Akkök and its subsidiaries.
(2) Represents total direct ownership interest held by certain Dinçkök family members and related shareholders who declared to exercise their voting power in-line with the voting preference of Akkök.
(3) Represents total direct and indirect ownership interest held by Akkök.
(4) Akkim Silikon was established on September 17, 2021.
(5) Based on the Share Transfer Agreement signed on 2 July 2021, 10.2% of Epsilon's shares were purchased as of 13 September 2021.
(6) On 30 June 2020, Akkök purchased an additional 80% of Aktek's shares, amounting to TRY 33,200. After the share purchase, Akkök's total efficiency ratio was 100%.

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c. A joint arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control over an economic activity. A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Akkök exercises such joint control through direct and indirect ownership interest held by itself and/or through voting power Dinçkök family members and the related shareholders who declared to exercise their voting power inline with the voting preferences Akkök. The Group's interest in joint ventures is accounted for by using the equity method. Under the equity method, investments in the joint ventures are carried in the statement of financial position at cost plus post acquisition changes in the Company's share of net assets of the joint venture and the comprehensive income reflects the share of the results of operations of the joint ventures. Where there has been a change recognised directly in the equity of the joint ventures, the Company recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. The table below sets out the joint-ventures, the proportion of voting power held by Akkök and its subsidiaries and effective ownership interests at 31 December 2021 and 2020:

Subsidiaries	Voting power held by Akkök and its subsidiaries (%) ⁽¹⁾		Voting power held by certain Dinçkök family numbers and related shareholders(% ⁽²⁾)		Total voting power held (%)		Effective interest (%) ⁽³⁾	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Akenerji Elektrik Üretim Anonim Şirketi	20.43	20.43	16.93	16.93	37.36	37.36	20.43	20.43
Akenerji Elektrik Enerjisi İthalat-İhracat ve Toptan Ticaret Anonim Şirketi	100.00	100.00	-	-	100.00	100.00	20.43	20.43
Ak-Eİ Kenah Elektrik Üretim Anonim Şirketi	100.00	100.00	-	-	100.00	100.00	20.43	20.43
Akenerji Doğalgaz İthalat İhracat ve Toptan Ticaret Anonim Şirketi	100.00	100.00	-	-	100.00	100.00	20.43	20.43
Akel Sungurlu Elektrik Üretim A.Ş. (Akel Sungurlu)	100.00	-	-	-	100.00	-	-	-
Akcez Enerji Yatırımları Sanayi ve Ticaret Anonim Şirketi	50.00	50.00	-	-	50.00	50.00	50.00	50.00
Sakarya Elektrik Dağıtım Anonim Şirketi	100.00	100.00	-	-	100.00	100.00	50.00	50.00
Sakarya Elektrik Perakende Satış Anonim Şirketi	100.00	100.00	-	-	100.00	100.00	50.00	50.00
Sepaş Akıllı Çözümler A.Ş.	100.00	-	-	-	100.00	-	50.00	-
Dowaksa Advanced Composites Holding B.V	50.00	50.00	-	-	50.00	50.00	19.79	19.79
DowAksa İleri Kompozit Malzemeler Sanayi Ltd. Şirketi	100.00	100.00	-	-	100.00	100.00	19.79	19.79
DowAksa Switzerland GmbH.	100.00	100.00	-	-	100.00	100.00	19.79	19.79
DowAksa USA LLC	100.00	100.00	-	-	100.00	100.00	19.79	19.79
DowAksa Deutschland GmbH.	100.00	100.00	-	-	100.00	100.00	19.79	19.79
DowAksa Rus LLC	100.00	-	-	-	100.00	-	19.79	-
Akiş - Mudanya Adi Ortaklığı	50.00	50.00	-	-	50.00	50.00	7.33	7.33
WMG London Developments L.P.	51.00	51.00	-	-	51.00	51.00	7.48	7.48
OXR Limited	100.00	100.00	-	-	100.00	100.00	7.48	7.48

(1) Represents total direct ownership interest held by Akkök and its subsidiaries.
(2) Represents total direct ownership interest held by certain Dinçkök family members and related shareholders who declared to exercise their voting power in-line with the voting preference of Akkök.
(3) Represents total direct and indirect ownership interest held by Akkök.

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d. Investments in associated undertakings are accounted for using the equity method (Note 7). These are undertakings, over which the Group generally has between 20% and 50% of the voting rights; through the voting rights of Akkök and its subsidiaries and/or through the voting rights of certain members of Dinçkök family and related shareholders in those companies who declared to exercise their voting rights inline with Akkök's voting preference or through the Group's exercise of significant influence with, no controlling power. Unrealised gains on transactions between the Group and its associated undertakings are eliminated to the extent of the Group's interest in the associated undertakings; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Equity accounting is discontinued when the carrying amount of the investment in an associated undertaking reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated undertaking or significant influence of the Group ceases. The carrying amount of the investment at the date when significant influence ceases is regarded as cost thereafter. The table below sets out the associates accounted for using the equity method of accounting, the proportion of voting power held by Akkök and its subsidiaries and effective ownership interests at 31 December 2021 and 2020:

Subsidiaries	Voting power held by Akkök and its subsidiaries (%) ⁽¹⁾		Voting power held by certain Dinçkök family numbers and related shareholders(% ⁽²⁾)		Total voting power held (%)		Effective interest (%) ⁽³⁾	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Akmerkez Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (4)	12.54	12.66	-	-	12.54	12.66	12.54	12.66

e) Other investments in which the Group and its subsidiaries have an interest below 20%, or Group and its subsidiaries have an interest over 20% but the Group does not exercise a significant influence, or which are immaterial, and which do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value (Note 6).

Subsidiaries	Voting power held by Akkök and its subsidiaries (%) ⁽¹⁾		Voting power held by certain Dinçkök family numbers and related shareholders(% ⁽²⁾)		Effective interest (%) ⁽³⁾	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Akhan Bakım Yönetim Servis Hizmet Ticaret Anonim Şirketi	99.40	99.00	0.15	0.15	99.40	99.00
Üğen Bakım ve Yönetim Hizmetleri Anonim Şirket	39.37	39.37	-	-	39.37	39.37

(1) Represents total direct ownership interest held by Akkök and its subsidiaries.
(2) Represents total direct ownership interest held by certain Dinçkök family members and related shareholders who declared to exercise their voting power in-line with the voting preference of Akkök.
(3) Represents total direct and indirect ownership interest held by Akkök.
(4) Akkök has the significant influence over Akmerkez GYO, an associate of the Group, through representation on the board of directors and participation in policy-making processes, including participation in decisions about dividends or other distributions.

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2.3 The new standards, amendments and interpretations

a) Standards, amendments and interpretations applicable as at 31 December 2021:

- **Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2;** effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- **Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9;** effective from annual periods beginning on or after 1 January 2023. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.
- **Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the Practical expedient;** as of March 2021, this amendment extended till June 2022 and effective from 1 April 2021. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

There are no material effects on consolidated financial statements of these standards, amendments and interpretations mentioned above.

b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2021:

- **IFRS 17, 'Insurance contracts';** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
- **Amendments to IAS 1, Presentation of financial statements' on classification of liabilities;** effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

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- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from Annual periods beginning on or after 1 January 2022.
 - » **Amendments to IFRS 3,** 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
 - » **Amendments to IAS 16,** 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
 - » **Amendments to IAS 37,** 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.
- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

The Group will consider the possible effect on its financial statements after effective date. Possible effects of such standards on financial position and performance under consideration.

2.4 Comparatives and adjustment to previous periods' financial statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. In order to comply with the presentation of consolidated financial statements the current period when deemed necessary, comparative information is reclassified.

2.5 Changes in accounting policies, accounting estimates and errors

Significant changes in accounting policies or significant errors are corrected, retrospectively; by restating the prior period consolidated financial statements. The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods.

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2.6 Going concern

The consolidated financial statements including the accounts of the parent company, its subsidiaries, joint ventures and associates have been prepared assuming that the Group will continue as a going concern on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Offsetting

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

3.2 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 or has joint control over the Group;
- b)** the party is an associate;
- 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.

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Related party transactions are transfer of resources, services 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 8).

3.3 Financial assets

Classification

Group classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase.

Financial assets are not reclassified after initial recognition, except where the business model of the Group is subject to change in the management of financial assets. In the case of business model change; the financial assets are reclassified on the first day of the following the change reporting period.

Recognition and Measurement

"Financial assets measured at amortized cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Group's financial assets measured at amortized cost comprise "cash and cash equivalents", "trade receivables" and "financial investments". Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the consolidated statement of income.

"Financial assets measured at fair value through other comprehensive income", are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified.

Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under consolidated statement of income.

"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.

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Subsidiaries excluded from the scope of consolidation

For investments as subsidiaries that are excluded from the scope of consolidation on the grounds of materiality where there is no quoted market price and where a reasonable estimate of fair value cannot be determined since other methods are inappropriate and unworkable, they are carried at cost less any impairment (Note 6).

3.4 Trade receivables and payables

Trade receivables are recognised at original invoice amount and carried at amortised 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. Bad debts are written off when identified (Note 9).

Applied the “simplified approach” for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to “lifetime expected credit losses” except incurred credit losses in which trade receivables are already impaired for a specific reason.

Trade payables consist of the amounts invoiced or not invoiced related with the realised material or service purchases and are carried at amortised cost (Note 9).

3.5 Inventories

Inventories are valued at the lower of cost or net realisable value less costs to sell. Cost of inventories comprises the purchase cost and the cost of bringing inventories into their present location and condition. Cost is determined by the monthly moving weighted average method. The cost of borrowings is not included in the costs of inventories. Net realisable value less costs to sell is the estimated sales price in the ordinary course of business, less the estimated costs necessary to make the sale (Note 10).

Land planned for used in current or near future development projects are classified as inventories. As of balance sheet date, inventories which are not expected to be sold in one year are classified under non-current assets.

3.6 Investment properties

Land and buildings that are held for rental yields or for capital appreciation or both rather than held in the production or supply of goods or services or for administrative purposes or for the sale in the ordinary course of business are classified as “investment property” (Note 12).

Investment properties are measured at fair value and changes in fair value are recognized under statement of profit or loss. Fair value of an investment property is the price at which the property could be exchanged between or a payment of a debt between knowledgeable and willing parties in a market condition.

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3.7 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 any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Useful life (Year)
Land improvements	2 - 50
Buildings	5 - 50
Machinery and equipment	3 - 40
Motor vehicles	4 - 8
Furniture and fixtures	2 - 50
Leasehold improvements	4 - 5

The Group assesses at each balance sheet date whether there is objective evidence that a property, plant and equipment or a group of property, plant and equipment is impaired. In the event of circumstances indicating that an impairment has occurred in the property, plant and equipment, 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 reserving a provision. The recoverable value is considered either the net cash flow to be caused by the current use of the respective property, plant and equipment or the next sales price, whichever is higher.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their restated carrying amounts and are included in the related income and expense accounts, as appropriate (Note 27).

Repairs and maintenance are charged to consolidated statement of comprehensive income 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 will be retained.

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3.8 Intangible assets

Intangible assets acquired separately from a business are capitalised at acquisition cost. Intangible assets created within the business are not capitalised and the related expenditures are charged against profits in the year in which it is incurred. They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives. The depreciation period for the intangibles capitalised in relation with the developments will be started after the production of these developments are started. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable (Note 14).

Fees paid for usage rights of assets in Yalova Kompozit ve Kimya İhtisas Islah Organize Sanayi Bölgesi (“Yalkim OSB”) have been classified under intangible assets and fees paid for usage of land with indefinite useful life is not amortized.

Intangible assets recognized as a part of business combination

In business combinations, the acquirer may recognize identifiable assets, intangible assets and/or contingent liabilities which are not included in the acquiree’s financial statements and which can be separated from goodwill, at their fair values in the consolidated financial statements. The customer relationships of the acquiree is considered as identifiable intangible asset and recognized at fair value at the acquisition date.

Intangible assets useful lives vary between 3 and 15 years.

Research and development expenses

Expenditures for research and development are expensed in the period incurred. Except with the following criteria for project expenditures are recorded as expense in the period incurred as well. The costs related to the development projects are capitalised when the criteria below are met and amortised on a straight-line basis over the useful lives of related projects according to IAS 38 “Intangible Assets” (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-house,
- » A potential market exists for the product or its usefulness in case of internal use is demonstrated
- » Adequate technical, financial and other resources required for completion of the project are available.

The Group manages research and development projects with project declaration documentation. On the beginning and ending of projects, top management of Group confirms projects declaration forms, reviews projects and controls research and development expenses and capitalization.

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3.9 Revenue recognition

Group recognises revenue based on the following five principles in accordance with the IFRS 15 - “Revenue from Contracts with Customers” standard effective from 1 January 2019:

- Identification of customer contracts
- Identification of performance obligations
- Determination of the transaction price in the contracts
- Allocation of transaction price to the performance obligations
- Recognition of revenue

Group evaluates each contracted obligation separately and respective obligations, which are committed to deliver the goods or perform services, are determined as separate performance obligations. After that determines at whether the performance obligation is satisfied over time or at a point in time. When the Group transfers control of a good or service over time, and therefore ties a performance obligation over time, then the revenue is recognised over time by measuring the progress towards complete satisfaction of that performance obligation.

The goods or services are transferred when the control of the goods or services is delivered to the customers.

Following indicators are considered while evaluating the transfer of control of the goods and services:

- a. presence of Group’s collection right of the consideration for the goods or services,
- b. customer’s ownership of the legal title on goods or services,
- c. physical transfer of the goods or services,
- d. customer’s ownership of significant risks and rewards related to the goods or services,
- e. customer’s acceptance of goods or services.

If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted.

On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference of the consideration is recognised on an accrual basis as other operating income. Incomes from consultancy services resulting from the construction of facilities are accounted for when it is probable that the economic return to the Group will be possible and the yield can be reliably measured. Revenue is calculated by deducting the discounts and value added and sales taxes.

Dividend income is recognised when the Group has the right to receive the dividend payment.

Commission income is recognised when the intermediary goods have been billed by the seller.

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The Group has accrued volume rebates in line with the customers’ purchase targets to be paid at the end of the year. The Group classifies such volume rebates as “sales discounts” account under revenues.

Rent income from investment properties is recognized on the accrual basis. Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized when the amount of revenue can be measured reliably and when it is probable that future economic benefits associated with the transaction will flow to the Group. The seasonal rent discounts are offsetted from rent revenue as incurred.

Revenue is shown by after eliminated in-group sales, deducting discounts and sales taxes.

Revenue from real estate sales is recognized in the statement of comprehensive income when the risks and benefits are transferred to the buyer.

Interest income is recognized using the effective interest method, which takes into account the future cash inflows from an asset over its expected life.

3.10 Borrowings

All bank borrowings are initially recognised at cost, being the fair value of the consideration received net of issue cost associated with the borrowing. After initial recognition, bank borrowings are subsequently measured at amortised cost using the effective yield method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement (Note 21).

3.11 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 capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale.

3.12 Provision for employee termination benefits

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

IAS 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 (Note 18).

The Group has an employee benefit plan called “Seniority Incentive Bonus” (“Bonus”) which is paid to employees with a certain level of seniority. The Group accounts for this Bonus according to IAS 19, “Employee Benefits”, Seniority incentive bonus provision which is disclosed within the employee termination benefit represents the present value of the estimated total reserve of the probable future obligations (Note 18).

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Unused vacation rights

Liabilities arising from unused vacations of the employees are accrued in the period when the unused vacations are qualified.

3.13 Current and deferred 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.

The Group is subject to corporate tax valid in Turkey. Necessary provisions have been made in the accompanying financial statements for the estimated tax liabilities of the Company regarding the current period operating results. The Corporate Tax Law was amended with the law no. 5520 dated June 13, 2006. Many provisions of the said new Corporate Tax Law No. 5520 came into effect as of January 1, 2006.

The corporate tax rate in Turkey is 20% according to Article 32 of the Corporate Tax Law. However, it was published in the Official Gazette dated April 22, 2021 and entered into force. The corporate tax rate has been determined as 25% for 2021 in accordance with the temporary article 13 added to the Corporate Tax Law with the Law No. 7361 on the “Law on the Collection of Public Claims and Amendments to Some Laws” (2020: 22%). 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 (association earnings exemption, investment incentive exemption, etc.) and deductions (such as R&D deduction) in tax laws. No further tax is payable unless the profit is distributed (except for the investment incentive withholding tax at the rate of 19.8%, which is calculated and paid over the benefited exception amount in case there is an investment incentive exemption that can be used within the scope of the Income Tax Provisional Article 61).

There is no withholding tax on profit shares (dividends) paid to non-resident companies that generate income through a workplace or their permanent representative in Turkey and to full taxpayer institutions in Turkey. Dividend payments made to individuals and institutions other than these are subject to 10% withholding (except for the cases specified in the Double Taxation Agreements) (with the Presidential Decision No. 4936 published in the Official Gazette dated December 22, 2021, the profit share withholding tax rate was reduced from 15% to 10%). Addition of profit to capital is not considered as profit distribution.

Income from real estate investment trust activities of Akmerkez, an associate of the Group and Akiş, a subsidiary of the Group, are not subject to Corporate Tax according to article 5/1, paragraph d-4 of Corporate Tax Law. This exception is also applied to the temporary tax bases subject to the relevant temporary tax periods. Although income from real estate investment trust activities are subject to stoppage according to article 15, paragraph 3 of Corporate Tax Law, the stoppage rate is decided as “0%” according to decision numbered 2009/14594 by Council of Ministers.

Corporate taxpayers calculate temporary tax at the tax rate determined on their quarterly financial profits and declare and pay until the 17th day of the second month following that period (The 4th provisional tax return for the 2021 accounting period has been submitted for the last time, and the 4th provisional tax return will not be submitted for the October-December period to be implemented as of the tax returns for the 2022 taxation period).

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The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated on the corporate tax return to be submitted in the following year. Despite the deduction, if the amount of temporary tax paid remains, this amount can be refunded in cash or deducted from the tax debt. Corporate tax is declared until the evening of the last day of the fourth month following the month in which the accounting period is closed and is paid within the same period.

According to the Turkish tax legislation, financial losses shown on the declaration can be deducted from the corporate income for the period, provided that they do not exceed 5 years. However financial losses can not be offsetted from last year's profits.

According to subparagraph (e) of the first paragraph of Article 5 of the Corporate Tax Law, 75% of the profits arising from the sale of participation shares, founder's shares, usufruct shares and priority right, which are in the assets of the corporations for at least two full years, are exempt from tax. 50% of the income arising from the sale of immovables (real estates) is exempt from corporate tax.

According to the 4th paragraph of article 32/A added to the Corporate Tax Law No. 5520 with Article 9 of the Law No. 5838, if the income obtained can be determined by tracking it in separate accounts within the framework of the enterprise integrity, the discounted rate is applied to this income. If the income cannot be determined separately, the income to which the discounted rate will be applied is determined by dividing the investment amount made by the total fixed asset amount registered in the assets of the institution (including the amounts belonging to the ongoing investments) at the end of the period. During this calculation, the recorded value of the fixed assets in the operating assets are taken into account with their revalued amounts. The reduced rate application starts from the temporary tax period when the investment is partially or fully operational.

The Law on the Amendment of the Tax Procedure Law and the Corporate Tax Law dated January 20, 2022 and numbered 7352 was published in the Official Gazette dated January 29, 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.

Deferred tax is calculated using the tax rates valid on the balance sheet date, according to the balance sheet liability method.

Deferred tax is the tax effect of temporary differences between the values of assets and liabilities reflected in the financial statements and tax bases, and is reflected for financial reporting purposes.

Deferred tax asset to the extent that a financial profit can be generated in the future where these timing differences can be used; All deductible temporary differences are recognized for unused incentive amounts and carried tax losses for prior periods. Deferred tax asset is reviewed in each balance sheet period and in cases where it is not possible to generate sufficient financial profit for future use of deferred tax asset, its carrying value in the balance sheet is reduced. Deferred tax amounts related to income and expense items accounted under equity account are followed under equity account.

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In the calculation of deferred tax assets and liabilities, the tax rates that will be valid on the dates that the Group considers that these temporary differences can be used (based on the rates that have entered into force or are finalized as of the balance sheet date) are used. In each balance sheet period, the Group reviews its deferred tax assets and accounts for the possibility of future deductibility (Note 30).

In the financial statements dated 31 December 2021, deferred tax assets and liabilities are calculated with a tax rate of 23% for the portion of temporary differences that will create tax effects in 2022, and 20% for the portion that will generate tax in 2023 and the following years (31 December 2020: 20%).

3.14 Events after the balance sheet date

The Group adjusts the amounts recognised 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 (Note 33).

3.15 Provisions

Provisions are recognised 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 17).

3.16 Contingent assets and liabilities

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

Possible assets or 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 tables and are treated as contingent assets or liabilities.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. A contingent asset is disclosed where an inflow of economic benefit is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs (Note 17).

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3.17 Business combinations

Business combinations are accounted in accordance with IFRS 3, “Business Combinations”. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group’s share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. If the purchase amount is less than the fair value of provisions, contingent assets and liabilities, the subjected difference is identified with income statement (Note 16).

Changes in Ownership Interests

The Group applies a policy of treating transactions with non-controlling interests that do not result in loss of control, as transactions with owners of the parent. In a purchase transaction with non-controlling interests, the difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. In a sale transaction with non-controlling interests, the difference between fair value of any proceeds received and the relevant share of non-controlling interests are also recorded in equity. Consequently, gains or losses on disposals to non-controlling interests are not accounted for in the consolidated statement of comprehensive income.

3.18 Foreign currency transactions

Functional currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The consolidated financial statements are presented in Turkish Lira, which is the functional currency of Akkök.

Foreign currency transactions and balances

Income and expenses arising in foreign currencies have been translated into TRY at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated statement of comprehensive income.

3.19 Derivative financial instruments

Derivative financial instruments are initially recognized at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

The derivative instruments of the Group mainly consist of interest rate swap and forward foreign exchange purchase and sale transactions. These derivative transactions, even though providing effective economic hedges under the Group risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the consolidated financial statements and fair value difference of these derivatives are accounted for under consolidated income statements. Derivatives of the Group which qualified for hedge accounting under specific rules are measured using the methods stated as below:

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Cash Flow Hedge

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group. Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognized in equity as “hedging reserves”. Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously recognized under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognized under equity are transferred to the consolidated income statement in the period in which the hedged firm commitment or forecasted transaction affects the consolidated income statement.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gains or losses previously recognized in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

3.20 Statement of cash flows

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 generated from operations. Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (capital expenditures 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 include investments in which cash and bank deposits are highly liquid, short-term and readily convertible into cash with a maturity of 3 months or less (Note 5).

3.21 Government grants

Grants from the government are recognised at their fair value when there is a reasonable assurance that the grant will be received, and the group will comply with all attached conditions. Government grants relating to costs are recognised in the statement of comprehensive income by deducting from research and development expenses. Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are recognized in the statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

3.22 Paid in share capital

The shareholders are classified as share capital. The share capital through a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings (Note 23).

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3.23 Leases

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes:

- a) initial direct costs incurred,
- b) lease payments made at or before the commencement date less any lease incentives received,
- c) all initial direct costs incurred by the Group.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

Lease payments included in the measurement of the lease obligation on the date that the lease actually commences, consists of the following payments to be made for the right of use of the underlying asset during the lease period and not paid on the date the lease actually starts:

- (a) Fixed payments,
- (b) Variable lease payments that depend on an index or a rate,
- (c) Amounts expected to be paid under residual value guarantees
- (d) The exercise price of a purchase option reasonably certain to be exercised by the Group and
- (e) Payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable, the Group determines the alternative borrowing interest rate at the date of the revaluation.

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After the effective date of the lease, the Group measures the lease obligation as follows:

- (a) Increase the carrying amount to reflect the interest on the lease obligation, and
- (b) Decreases book value to reflect rental payments.

In addition, in the situation of a change in the lease term, in essence a change in fixed lease payments or a change in the assessment of the option to buy the underlying asset, the value of the lease obligations is remeasured.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

NOTE 4 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements according to IFRS, necessitates 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. 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) Fair values of investment property

The Group has determined the fair values of investment properties and disclosed them in Note 12.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as discounted cash flow projections.

b) Deferred income tax assets

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised (Note 30).

c) Useful lives of property, plant and equipment and intangible assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives. Useful lives of property, plant and equipment, rely on best estimates of management, these estimates are reviewed balance sheet dates and if necessary, adjustments are made (Note 13 and 14).

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d) Provisions

Provisions are recognised 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 17).

e) Income taxes

Subsidiaries, joint ventures and associates of the Group are subject to income tax and various tax legislations. The group performs the accounting of liabilities related to the taxes expected based on the assumption of whether additional tax will be paid or not. If the tax amount reached as a result of these is significantly different from the amount first entered to the book, these differences may affect the provision of income tax and deferred taxes related to that period (Note 30).

NOTE 5 - CASH AND CASH EQUIVALENTS

The analysis of cash and cash equivalents at 31 December 2021 and 2020 is presented below:

	31 December 2021	31 December 2020
Cash on hand	903	463
Banks	3,992,436	1,682,633
- demand deposits	133,821	83,841
- time deposits	3,858,615	1,598,792
Other	1,402	997
Total	3,994,741	1,684,093

The reconciliation between cash and cash equivalents in the consolidated statement of financial position and the consolidated statements of cash flows as at 31 December 2021 and 2020 is as follows:

	31 December 2021	31 December 2020
Cash and cash equivalents	3,994,741	1,684,093
Less: restricted deposits	(47,885)	(26,372)
Less: interest accruals	(538)	(1,859)
Cash and cash equivalents	3,946,318	1,655,862

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Interest rate of time deposits with maturities less than 3 months at 31 December 2021 and 2020 are as follows:

	31 December 2021		31 December 2020	
	Time Deposit	Interest rate %	Time Deposit	Interest rate %
USD	3,002,983	0.01-1.80	876,789	2.25-3.55
EUR	318,094	0.01-0.95	545,126	0.35-2.80
TRY	533,325	4.50-20.41	176,877	8.25-18.25
Total	3,854,402		1,598,792	

NOTE 6 - FINANCIAL INVESTMENTS

	31 December 2021	31 December 2020
Bank deposits with maturities over three months ^(*)	9,480	259,583
Stocks and bonds	556,122	208,325
Other financial investments measured at fair value through profit or loss	80,254	113,684
Currenct financial investments	645,856	581,592
Other financial investments measured at fair value through profit or loss	58,796	59,192
Financial investments measured at fair value through other comprehensive income	5,854	9,466
Bonds with maturities over one year	98,008	4,521
Financial investments not included in the scope of consolidation ^(**)	226	226
Non-currenct financial investments	162,884	73,405
Total	808,740	654,997

(*) Bank deposits are blocked by banks related to borrowings and rent receivables of subsidiaries of the Group.
(**) Financial investments that are excluded from the scope of consolidation are excluded on the grounds of immateriality. As these shares do not have quoted market price in an active market, they are carried at cost, adjusted for inflation accounting that was applicable until 31 December 2004.

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Financial investments measured at fair value through other comprehensive income:

	(%)	31 December 2021	(%)	31 December 2020
Yapı ve Kredi Bankası A.Ş.	<1	5,854	<1	9,466
Total		5,854		9,466

Movements of financial investments measured at fair value through other comprehensive income for the periods ended 31 December 2021 and 2020 are as follows:

	2021	2020
1 January	9,466	11,997
Additions	3,085	-
Change in fair value	(1,917)	1,846
Disposals	(4,780)	(4,377)
31 December	5,854	9,466

Financial investments not included in the scope of consolidation:

	31 December 2021	31 December 2020
Akhan Bakım Yönetim Servis Hizmet Ticaret A.Ş.	119	119
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	107	107
Total	226	226

NOTE 7 - INVESTMENTS ACCOUNTED USING THE EQUITY METHOD

	31 December 2021	31 December 2020
DowAksa	778,181	388,529
Akmerkez	269,025	199,792
Akcez	213,330	325,525
WMG London	63,219	34,485
Akenerji (*)	-	-
Total	1,323,755	948,331

(*) The Group has not recognised the Group's share in cumulative loss of Akenerji amounting to TRY 1,375,965 in the financials statements as of 31 December 2021 (31 December 2020: TRY 829,647). The Group is in the opinion that that unrecognised period losses will not constitute further liabilities.

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Movements of investments accounted using the equity method during the years ended 31 December 2021 and 2020 is as follows:

	2021	2020
1 January	948,331	735,700
Share of net profit for the period	(124)	107,481
Dividends received	(10,282)	(8,576)
Share of other comprehensive income	384,807	85,264
Participation to capital increase	2,930	35,450
Effect of change in share rate	(1,907)	(6,988)
31 December	1,323,755	948,331

Financial information for the investments accounted using the equity method at 31 December 2021 and 2020 are as follows:

31 December 2021	Assets	Liabilities	Revenue	Net profit/(loss) for the period
Akenerji (*)	3,853,769	8,993,778	3,917,844	(2,674,590)
Akcez	5,000,088	4,686,749	8,854,146	(248,658)
DowAksa	4,157,902	2,601,540	981,357	89,726
Akmerkez	2,152,791	7,798	120,662	648,815
WMG London	277,562	153,833	-	(3,985)

31 December 2020	Assets	Liabilities	Revenue	Net profit/(loss) for the period
Akenerji (*)	2,561,844	6,622,199	2,187,509	(978,259)
Akcez	3,497,042	2,959,314	5,747,975	92,113
DowAksa	2,138,008	1,360,950	585,566	15,016
Akmerkez	1,603,386	25,612	87,418	83,286
WMG London	127,438	60,676	-	(3,056)

(*) Total assets and liabilities in the consolidated financial statements where the Akenerji's property, plant and equipment are accounted for at fair value are TRY13,111,836 and TRY11,533,632 respectively (31 December 2020: TRY6,734,537 and TRY6,863,149).

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

As of 31 December 2021 and 2020, market capitalization of the Group's investments accounted for using the equity method are presented below:

31 December 2021	Total market capitalization	Group's share
Akenerji	1,327,078	271,122
Akmerkez GYO	1,612,786	202,276
Total	2,939,864	473,398

31 December 2020	Total market capitalization	Group's share
Akenerji	1,655,202	338,158
Akmerkez GYO	2,450,108	310,184
Total	4,105,310	648,342

NOTE 8 - RELATED PARTY DISCLOSURES

a) Trade receivables from related parties

The details of trade receivables from related parties as at 31 December 2021 and 2020 is as follows:

	31 December 2021	31 December 2020
DowAksa (*)	37,058	47,862
Akenerji (*)	29,202	14,228
Akcez (*)	20,785	6,296
Other	5,567	6,688
Total	92,612	75,074

b) Non-current other receivables from related parties

	31 December 2021	31 December 2020
Akiş Mudanya Adi Ortaklığı (**)	19,159	15,103
Total	19,159	15,103

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c) Short-term trade payables due to related parties

	31 December 2021	31 December 2020
Akgirişim	18,856	-
Yalkim OSB	11,025	5,856
Akcez (*)	9,652	2,063
DowAksa (*)	9,174	69,940
Other	6,666	4,424
Total	55,373	82,283

d) Short-term other payables due to related parties

	31 December 2021	31 December 2020
Barış Nalçacı	20,993	-
Bülent Aksu	9,597	-
A.R.D. Holding A.Ş.	-	2,765
Atlantik Holding A.Ş.	-	2,695
Emniyet Ticaret A.Ş.	-	1,786
Other (***)	-	1,316
Total	30,590	8,562

(*) Joint ventures

(**) Long-term receivable from Akiş-Mudanya Adi Ortaklığı ("Adi Ortaklık") is related to receivables that resulted from payments made to Adi Ortaklık regarding agreements of the construction in return for flat.

(***) As of 31 December 2020, other payables to related parties consist of dividend payables to be paid to shareholders.

e) Sales to related parties

	1 January - 31 December 2021	1 January - 31 December 2020
DowAksa (*)	147,732	94,844
Akcez (*)	53,965	40,647
Akenerji (*)	12,580	22,855
Akgirişim	7,363	3,632
Other	10,912	6,794
Total	232,552	168,773

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f) Service and product purchases from related parties

	1 January - 31 December 2021	1 January - 31 December 2020
Akgirişim (**)	165,273	36,949
Yalkim OSB (****)	77,741	53,150
Akcez (*)	61,089	28,112
Akhan (****)	7,373	6,584
Akenerji (*)	6,760	-
Other	2,798	6,764
Total	321,034	131,560

Purchases from related parties consist of energy, chemical products, services, consultancy and rent expenses,

(*) Joint ventures,
(**) It generally consists of investments made in Aksa production facilities and Akcoat R&D building construction,
(****) The usage rights cost of joint treatment plant within Yalkim Organized Industrial Zone,
(****) Financial investments not included in the scope of consolidation,

g) Interest income from related parties

	1 January - 31 December 2021	1 January - 31 December 2020
Akiş Mudanya Adi Ortaklığı	3,617	1,796
Total	3,617	1,796

h) Key management compensation

The Group has determined the key management personnel as the members of the board of directors and executive committee members,

	1 January - 31 December 2021	1 January - 31 December 2020
Key management compensation	25,259	20,768
Total	25,259	20,768

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i) Commitments given to related parties

The long term loan amounting to USD325,000 granted to Akcez and its subsidiaries, Sedaş and Sepaş as borrowers, by the International Finance Corporation (“IFC”), European Bank for Reconstruction and Development (“EBRD”) and Unicredit Bank AG (“UCB”) was refinanced on the basis of the negotiations with the same Bank Group as of 20 May 2016. As of the date of the refinancing of the loan, the balance is USD220,675 and Akcez’s shareholders Akkök Holding Anonim Şirketi And Cez Anonim Şirketi have become guarantors of the loans (each responsible individually and with a maximum balance equal to half of the loan). Loan repayments are made by Akcez and the balance of the loan is USD126,942 as of 31 December 2021 (31 December 2020: USD146,526).

Akcez’s shareholders Akkök Holding Anonim Şirketi and Cez Anonim Şirketi have become guarantors solely (each responsible individually and with a maximum amount equal to half of the loan) with respect to long term loans amounting to USD52,163 and TRY149,628 obtained by Akcez’s subsidiary, Sedaş as borrower, from the International Finance Corporation (“IFC”), European Bank for Reconstruction and Development (“EBRD”) and Unicredit Bank AG (“UCB”) as part of the refinancing agreement dated 20 May 2016. Loan repayments are made by Sedaş. As of 31 December 2021, the remaining balance of the loan is USD38,327 and TRY109,940 (31 December 2020: USD44,239 and TRY126,902).

NOTE 9 - TRADE RECEIVABLES AND PAYABLES

a) Trade receivables from third parties

	31 December 2021	31 December 2020
Trade receivables	2,496,607	1,311,446
Cheques and notes receivable	756,057	430,172
Less: provision for doubtful receivables	(100,427)	(72,701)
Less: unearned credit finance income	(1,932)	(3,242)
Subtotal	3,150,305	1,665,675
Trade receivables from related parties (Note 8)	92,612	75,074
Total	3,242,917	1,740,749

Maturity of trade receivables of the Group is generally less than three months (2020: less than three months). The past experience of the Group in collecting receivables has been taken into consideration when determining the provision amount for doubtful receivables. Therefore, the Group believes that, there is no additional collection risk for trade receivables is necessary other than the provision provided.

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b) Long-term trade receivables

	31 December 2021	31 December 2020
Customers	166,225	123,430
Notes receivables and cheques	57,952	57,102
Less: provision for doubtful receivables	(82,387)	(77,440)
Less: unearned financial income	(329)	(1,455)
Total	141,461	101,637

Movements of provision for doubtful trade receivables for the years ended 31 December 2021 and 2020 are as follows:

	2021	2020
1 January	150,141	98,412
Collections and reversal of provisions	(8,844)	(19,341)
Allowance for the period	41,324	69,671
Translation differences	193	1,399
31 December	182,814	150,141

c) Short-term trade payables

	31 December 2021	31 December 2020
Suppliers	4,085,285	1,120,750
Less: unincurred financial expenses (-)	(2,476)	(2,827)
Subtotal	4,082,809	1,117,923
Trade payables to related parties (Note 8)	55,373	82,283
Total	4,138,182	1,200,206

d) Long-term trade payables

	31 December 2021	31 December 2020
Suppliers	5,409	4,739
Total	5,409	4,739

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NOTE 10 - INVENTORIES

	31 December 2021	31 December 2020
Raw materials	1,320,764	538,661
Complete and incomplete residence	159,861	511,279
Finished goods	670,234	245,703
Other inventories and spare parts	107,215	76,319
Semi-finished goods	159,247	54,824
Goods in transit	134,810	24,234
Trade goods	38,317	12,479
Less: provision for impairment in inventories (*)	(4,412)	(49,163)
Total	2,586,036	1,414,336

(*) The provision for inventory impairment consists of the first item, materials and products (31 December 2020: The cost of Çiftehavuzlar land as of 31 December 2020 amounting to TRY82,317 is the amount of impairment resulting from the redemption of land to the purchase price of TRY37,069).

	2021	2020
1 January	49,163	54,647
Allowances utilized	(54,029)	(6,928)
Charge for the period	9,278	1,444
31 December	4,412	49,163

NOTE 11 - PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2021	31 December 2020
Current prepaid expenses:		
Advances given	197,654	47,765
Prepaid expenses	36,886	25,245
Total	234,540	73,010
Non-current prepaid expenses:		
Advances given	101,900	49,908
Prepaid expenses	19,338	20,667
Total	121,238	70,575

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	31 December 2021	31 December 2020
Short-term deferred income:		
Advances received	544,039	196,755
Deferred income	199,237	50,241
Total	743,276	246,996
Long-term deferred income:		
Advances received	3,052	2,925
Deferred income for the year	1,353	-
Total	4,405	2,925

NOTE 12 - INVESTMENT PROPERTIES

	1 January 2021	Additions	Disposals	Transfers ^(*)	Currency translation differences	Increase/ Decrease in fair value	31 December 2021
Land and buildings	5,444,391	10,830	(41,014)	300,877	1,229	1,390,452	7,106,765
Net book value	5,444,391	10,830	(41,014)	300,877	1,229	1,390,452	7,106,765

(*) During the period, a total of TRY408,213 was transferred from stocks. Due to the use of some idle real estate, TRY107,336 real estate has been classified into tangible assets.

	1 January 2020	Additions	Disposals	Transfers	Currency translation differences	Increase/ Decrease in fair value	31 December 2020
Land and buildings	5,550,758	98,914	(4,266)	(90,391)	484	(111,108)	5,444,391
Net book value	5,550,758	98,914	(4,266)	(90,391)	484	(111,108)	5,444,391

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	Used Method	Level	31 December 2021	31 December 2020
Akasya				
Shopping Mall	Discounted cash flow method	2	4,435,382	3,504,970
Akbatı				
Shopping Mall	Discounted cash flow method	2	1,665,536	1,450,728
Erenköy	Discounted cash flow method	2	457,430	-
Uşaklıgil Project	Discounted cash flow method	2	363,674	253,945
Yalova-Çiftlikköy				
land and buildings	Pretend comparison method	2	53,195	100,060
Akhan	Pretend comparison method	2	47,675	37,700
Social facility	Pretend comparison method	2	37,000	24,000
Other	Pretend comparison method	2	46,873	72,988
Total			7,106,765	5,444,391

Fair value of the Group's investment properties, as of 31 December 2021, were estimated by an independent valuation company as TRY7,106,765 (2020: TRY5,444,391). Total fair value determined is classified as Level 2.

There are amounting to TRY4,631,518 mortgage on investment properties of the Group as of 31 December 2021 (2020: TRY2,457,987).

As of 31 December 2021 there is TRY10,015,821 insurance guarantee on investment properties (2020: TRY4,164,387).

NOT 13 - PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment and related accumulated depreciation for the period ended 31 December 2021 are as follows:

	1 January 2021	Additions	Disposals	Transfers (*)	Acquisitions (**)	Currency translation differences	31 December 2021
Cost							
Land and land improvements	319,285	12,772	(1,361)	6,895	38,815	1,700	378,106
Buildings	374,447	6,360	(241)	244,589	60,286	18,604	704,045
Machinery and equipment	2,549,151	17,686	(29,781)	787,899	125,167	23,285	3,473,407
Motor vehicles	22,093	5,453	(1,051)	770	3,394	1,010	31,669
Furniture and fixtures	152,687	26,518	(2,869)	24,707	9,547	1,955	212,545
Kiralanın varlıkları geliştirme maliyetleri	13,673	3,185	-	-	2,475	-	19,333
Construction in progress (**)	395,931	852,757	(19)	(990,058)	3,903	1,493	264,007
Total	3,827,267	924,731	(35,322)	74,802	243,587	48,047	5,083,112
Accumulated depreciation							
Land and land improvements	78,149	7,832	-	-	114	-	86,095
Buildings	103,202	10,259	(120)	-	7,899	5,860	127,100
Machinery and equipment	1,312,631	177,267	(26,628)	(2,266)	27,294	18,180	1,506,478
Motor vehicles	21,251	1,053	(602)	-	830	687	23,219
Furniture and fixtures	104,236	14,339	(2,683)	-	3,962	1,646	121,500
Leasehold improvements	7,983	1,573	(8)	-	36	68	9,652
Total	1,627,452	212,323	(30,041)	(2,266)	40,135	26,441	1,874,044
Net book value	2,199,815						3,209,068

(*) The transfer of TRY107,336 was made from investment properties to tangible assets. Transfers of TRY30,268 and TRY2,141, respectively, were made from tangible assets to intangible assets and assets classified as held for sale.
(**) Construction in progress is mainly comprised of modernization of production facilities and construction of reverse osmosis facility of Akksa, and R&D building construction expenditures, palladium catalyst, Nazilli facility improvement works and maintenance investments of Akkim.
(***) Please refer to Note 16.

The breakdown of depreciation expense for the years ended 31 December 2021 and 2020 is disclosed in Note 28.

The movements of property, plant and equipment and related accumulated depreciation for the period ended 31 December 2020 are as follows:

	1 January 2020	Additions	Disposals	Transfers (*)	Currency translation differences	31 December 2020
Cost						
Land and land improvements	294,102	100	(2,123)	26,777	429	319,285
Buildings	369,721	1,570	(4,563)	2,367	5,352	374,447
Machinery and equipment	2,350,784	6,662	(45,482)	229,445	7,742	2,549,151
Motor vehicles	88,652	540	(391)	(66,895)	187	22,093
Furniture and fixtures	146,477	11,413	(6,391)	581	607	152,687
Leasehold improvements	16,422	858	(331)	(3,276)	-	13,673
Construction in progress (**)	216,166	453,630	-	(273,865)	-	395,931
Total	3,482,324	474,773	(59,281)	(84,866)	14,317	3,827,267
Accumulated depreciation						
Land and land improvements	72,201	6,357	(363)	(46)	-	78,149
Buildings	93,941	9,521	(1,208)	-	948	103,202
Machinery and equipment	1,192,486	155,093	(40,364)	(89)	5,505	1,312,631
Motor vehicles	21,166	283	(343)	-	145	21,251
Furniture and fixtures	97,839	12,338	(5,849)	(729)	637	104,236
Leasehold improvements	10,714	710	(296)	(3,145)	-	7,983
Total	1,488,347	184,302	(48,423)	(4,009)	7,235	1,627,452
Net book value	1,993,977					2,199,815

(*) Amount of TRY13,739 is transferred to intangible assets and amount of TRY67,118 is transferred to asset held for sale.
(**) Construction in progress is mainly comprised of modernization of production facilities and construction of reverse osmosis facility of Akksa, and investments with respect to ultra filtration and Yalova persulfates facilities of Akkim.

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NOTE 14 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated depreciation for the period ended 31 December 2021 and 2020 are as follows:

	1 January 2021	Additions	Disposals	Transfers ^(*)	Acquisitions ^(**)	Currency translation differences	31 December 2021
Cost							
Rights	145,558	12,646	(62)	5,251	3,666	11,322	178,381
Development costs	82,777	30,929	-	22,456	-	-	136,162
Other	19,251	86	(2,217)	2,561	69,710	-	89,391
Customer list	151,138	-	-	-	73,463	26,707	251,308
Total	398,724	43,661	(2,279)	30,268	146,839	38,029	655,242
Accumulated amortisation							
Rights	43,321	11,646	(61)	-	65	5,325	60,296
Development costs	28,490	8,616	-	-	-	-	37,106
Other	14,639	5,282	(1,635)	-	-	-	18,286
Customer list	85,966	26,008	-	-	-	15,628	127,602
Total	172,416	51,552	(1,696)	-	65	20,953	243,290
Net Book Value	226,308						411,952

	1 January 2020	Additions	Disposals	Transfers ^(*)	Currency translation differences	31 December 2020
Cost						
Rights	133,314	10,796	(4,200)	2,119	3,529	145,558
Development costs	61,393	9,807	-	11,577	-	82,777
Other	18,907	303	-	41	-	19,251
Customer list	141,212	-	-	(377)	10,303	151,138
Total	354,826	20,906	(4,200)	13,360	13,832	398,724
Accumulated amortisation						
Rights	34,184	8,533	(691)	-	1,295	43,321
Development costs	22,224	6,266	-	-	-	28,490
Other	12,493	2,146	-	-	-	14,639
Customer list	65,719	15,735	-	(312)	4,824	85,966
Total	134,620	32,680	(691)	(312)	6,119	172,416
Net Book Value	220,206					226,308

(*) Transfers are due to reclassifications from property, plant and equipment.

(**) Please refer to Note 16.

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NOTE 15 – RIGHT OF USE ASSETS

The movements of right of use assets and related accumulated depreciation for the period ended 31 December 2021 and 2020 are as follows:

	1 January 2021	Additions	Disposals	Transfers	Rental condition changes	31 December 2021
Cost						
Vehicles	62,743	23,178	(8,079)	-	-	77,842
Site rent	12,928	1,099	-	-	1,341	15,368
Buildings	22,683	3,175	(408)	-	157	25,607
	98,354	27,452	(8,487)	-	1,498	118,817
Accumulated depreciation						
Vehicles	19,322	17,652	(6,997)	-	-	29,977
Site rent	1,312	911	-	-	-	2,223
Buildings	8,471	6,097	(187)	-	-	14,381
	29,105	24,660	(7,184)	-	-	46,581
Net book value	69,249					72,236

	1 January 2020	Additions	Disposals	Transfers	Rental condition changes	31 December 2020
Cost						
Vehicles	26,137	40,641	(3,873)	(195)	33	62,743
Site rent	10,611	1,222	(288)	-	1,383	12,928
Buildings	20,107	6,022	(3,480)	(81)	115	22,683
	56,855	47,885	(7,641)	(276)	1,531	98,354
Accumulated depreciation						
Vehicles	9,053	14,224	(3,848)	(116)	9	19,322
Site rent	961	639	(288)	-	-	1,312
Buildings	4,422	4,982	(856)	(77)	-	8,471
	14,436	19,845	(4,992)	(193)	9	29,105
Net book value	42,419					69,249

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NOTE 16 - GOODWILL

The details of goodwill as of 31 December 2021 and 2020 is as follows:

31 December 2021	Akcoat	Dinox	USK Kimya	Epsilon	Other	Total
Purchase consideration						
settled in cash	212,458	13,992	509,338	38,576	48,968	823,332
Contingent consideration (*)	9,436	-	-	-	5,516	14,952
Net liabilities/(assets) acquired	(171,185)	(11,150)	(419,162)	(5,620)	(53,807)	(660,924)
Currency translation differences	-	8,220	-	-	331	8,551
Goodwill	50,709	11,062	90,176	32,956	1,008	185,911

31 December 2020	Akcoat	Dinox	USK Kimya	Epsilon	Other	Total
Purchase consideration						
settled in cash	212,458	13,992	-	-	48,968	275,418
Contingent consideration (*)	9,436	-	-	-	5,516	14,952
Net liabilities/(assets) acquired	(171,185)	(11,150)	-	-	(53,807)	(236,142)
Currency translation differences	-	3,762	-	-	210	3,972
Goodwill	50,709	6,604	-	-	887	58,200

(*) Contingent consideration has been remeasured as of balance sheet date of these consolidated financial statements.

The movements of goodwill for the periods ended 31 December 2021 and 2020 are as follows:

	Akcoat	Dinox	USK Kimya	Epsilon	Other	Total
1 January 2021	50,709	6,604	-	-	887	58,200
Additions	-	-	90,176	32,956	-	123,132
Currency translation differences	-	4,458	-	-	121	4,579
31 December 2021	50,709	11,062	90,176	32,956	1,008	185,911

	Akcoat	Dinox	USK Kimya	Epsilon	Other	Total
1 January 2020	50,709	4,876	-	-	1,628	57,213
Currency translation differences	-	1,728	-	-	47	1,775
Net liabilities/(assets) acquired	-	-	-	-	(788)	(788)
31 December 2020	50,709	6,604	-	-	887	58,200

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Impairment test for goodwill:

On 5 January 2015, the Akkim, a subsidiary of the Group, acquired 100% shares of Akcoat. On 22 May 2015, the Akiş, a subsidiary of the Group, acquired 100% shares of Karlitepe. Akkim, a subsidiary of the Group, acquired a 100% share of Dinox on 15 February 2017 for a consideration of EUR3,750. On 3 November 2018 the remaining 50% shares of Akferal was acquired by Akkim from the FERALCO AB by for a consideration of TRY9,000. Akcoat, a subsidiary of the Group, acquired 100% shares of Akcoat Spain on 22 November 2017 for a consideration of EUR7,002. Akkim completed its legal merger as of May 31, 2021 by acquiring all of the shares of USK Kimya Anonim Şirketi (“USK Kimya”) for USD 63,000 thousand on March 1, 2022. On September 30, 2021, Akkök purchased 10.2% of the shares of Epsilon Kompozit Teknoloji ve Savunma Sanayi A.Ş. (“Epsilon”) for TRY 38,576 thousand. The difference between the total purchase price, fair value of acquired net assets and resulting goodwill in the consolidated financial statements.

The Group tests whether goodwill has suffered any impairment on an annual basis. The Group, considers the carrying value of its investment in USK Kimya, Akcoat, Dinox, and Akcoat Spain for possible impairment in every reporting period. The impairment analysis cannot be performed by considering market data since related financial asset has not active market and the Company management has to make significant estimations.

Akcoat;

On 5 January 2015, the Group acquired 100% shares of Akcoat. Akcoat is a producer of performance coatings and pigments. The products are being used for the decorative and protective purpose in coating of the materials such as metal sheet, stainless steel, aluminium, cast iron, ceramic tile, sanitary ware, porcelain, medical porcelain and glass. Additionally, these materials are being colorized by inorganic pigments which are also manufactured by Akcoat. The acquisition transaction is accounted in the consolidated financial statements of Akkim by the acquisition method in accordance with IFRS 3 “Business Combinations”. As a result of the related accounting, a goodwill amounting to TRY50,709 is accounted in the consolidated financial statements.

The impairment test is based on a 5-year projection between 1 January 2022 and 31 December 2026 which is approved by Akcoat management. In order to predict the future cash flows, a constant growth rate of 2.00%, not exceeding the estimated average growth rate of the country’s economy, has been used. Weighted cost of capital rate of 10.5% is used as after-tax discount rate in order to calculate the recoverable amount of the unit. No impairment has been determined as a result of the analyses carried out by the Group as of 31 December 2021.

USK Kimya purchase

On March 1, 2021, Akkim purchased 100% of the shares of USK Kimya for USD 63,000,000. With this acquisition, Akkim aimed to strengthen its position in the market by adding carboxymethyl cellulose (“CMC”) production to its product portfolio, which is used in drilling, detergent, food, textile, cleaning and other industries. Akkim completed its legal merger with USK Kimya on May 31, 2021.

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As a result of the study carried out by Akkim Management using valuation experts, the customer relations assets and clean chemical production expertise (“know-how”) that are not included in the financial statement of USK Kimya are reflected in the financial statements with their fair values at the acquisition date. Within the framework of the study, USK Kimya’s forward-looking 5-year cash flow projections have been taken into account, using important estimates and assumptions such as return on equity, multiplier value, weighted average cost of capital ratio and growth rates. As a result of the relevant accounting, as of March 1, 2021, all assets and liabilities of USK Kimya were combined with Akkim, and TRY419,162,561 of net assets were accounted for in equity accounts, and TRY90,176,207 in goodwill accounts.

The fair values of the acquired assets and liabilities within the scope of IFRS 3 are as follows:

	1 March 2021
Cash and cash equivalents	26,831
Trade receivables	63,240
Inventories	60,727
Other current assets	9,778
Property, plant and equipment	188,659
Intangible assets	146,173
Deferred tax liabilities	(50,064)
Trade payables	(15,567)
Other liabilities	(10,615)
Fair value of total identifiable net assets (100%)	419,162

	1 March 2021
Total amount - cash	509,338
Cash and cash equivalents - purchased	(26,831)
Cash outflow due to purchase (net)	482,507

The goodwill impairment test was performed over the 5-year projections approved by Akkim management between January 1, 2022 and December 31, 2026. In order to predict future cash flows, 2.5%, which does not exceed the estimated average growth rate of the country’s economy, is used as a constant growth rate. In order to calculate the recoverable value of the unit, the weighted cost of capital ratio of 12.7% was used as the after-tax discount rate. As a result of the analyzes made by the Group, no impairment has been identified as of 31 December 2021.

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Epsilon Kompozit Teknoloji ve Savunma Sanayi A.Ş. purchase

On September 30, 2021, Akkök purchased 10.2% of the shares of Epsilon Kompozit Teknoloji ve Savunma Sanayi A.Ş. (“Epsilon”) for TRY 38,576 thousand. With this acquisition, the Group; manufactures high-tech composite parts for the aerospace, aerospace and defense industries.

The Group has accounted for the share purchase transaction in the company’s financial statements in accordance with the TCC principles. As a result of the relevant accounting, as of September 30, 2021, Epsilon has purchased 10.2% of its assets and liabilities, and TRY 55,097 thousand of net assets has been accounted for in equity accounts, while TRY 32,956 thousand has been accounted for in goodwill accounts.

The fair values of the acquired assets and liabilities within the scope of IFRS 3 are as follows:

	30 September 2021
Cash and cash equivalents	19,468
Trade receivables	24,081
Inventories	18,012
Other current and non-current assets	1,813
Property, plant and equipment	14,793
Intangible assets	601
Deferred tax assets	603
Trade payables	(5,496)
Payable regarding employee benefits	(2,850)
Deferred income	(10,113)
Other liabilities	(5,815)
Fair value of total identifiable net assets (100%)	55,097
Identifiable net assets pertaining to the Group’s share fair value (%10,2)	5,620
Paid amount (*)	38,576
Goodwill	32,956

The details of cash outflows arising from the acquisition are as follows:

	30 September 2021
Total amount - cash	19,288
Cash and cash equivalents - purchased	(19,468)
Cash outflow due to purchase (net)	(180)

(*) Epsilon purchase price payment is determined as two equal installments. The first payment of the share transfer fee was made on September 13, 2021 and it was realized as TRY 19,288 thousand. The second payment will be made in the following period as USD 2,295 thousand.

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NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short term provisions:

	31 December 2021	31 December 2020
Provisions for debts and expenses	17,434	19,672
Provision for lawsuit	7,780	1,767
Total	25,214	21,439

Contingent assets and liabilities:

a) Guarantees received

Mortgages, guarantee notes and cheques, letters of guarantee and other commitments received for shortterm trade receivables are as follows:

	31 December 2021	31 December 2020
Insurances on receivable	2,460,993	1,219,680
Received mortgages	210,243	229,989
Received notes, quarantine and cheques	197,596	87,383
Received letters of guarantee	167,650	169,257
Share pledges	80,995	44,605
Confirmed/nonconfirmed letter of credit	42,833	89,989
Limits from direct debit systems	39,765	14,360
Total	3,200,075	1,855,263

b) Guarantees given

Letters of guarantee, mortgages and letters of credit given by the Group are below:

	31 December 2021	31 December 2020
Mortgages given	4,661,220	2,700,148
Letters of credit given	2,499,817	886,848
Letters of guarantee given	2,032,137	970,228
Total	9,193,174	4,557,224

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c) Lawsuits from shareholders:

Following Akkök extraordinary general assembly meeting dated 31 October 2013 and ordinary general assembly meeting related to the year ended 2013 dated 22 April 2014 (delayed to and completed on 23 May 2014) certain shareholders began to file numerous lawsuits against the Group.

The lawsuit filed for the annulment of Akkök's Extraordinary General Assembly Meeting dated 31 October 2013, was accepted by the Court of First Instance on 21 October 2015 and as the parties did not appeal to the higher court, became final on 21 November 2015.

Concerning the lawsuits filed for the annulment of Akkök's extraordinary general assembly meetings dated 23 December 2015 and 14 January 2016 and for annulment of Akkök's Board of Directors decision no 4 dated 24 February 2016 regarding the exercise of the shareholder's rights to pay 50% of their share capital commitment, the Court, with an interim decision dated 28 March 2016 rejected the claimants' application for a temporary injunction. In the last hearing on 24 May 2018, the Court, by decisions subject to appeal, dismissed the cases. The applicant has appealed against the aforementioned decisions by the claimant and in the consolidated financial statements no provisions were recognized related to this claim as of 31 December 2021.

NOTE 18 - EMPLOYEE BENEFITS

Provisions for employment benefits

	31 December 2021	31 December 2020
Short term:		
Provision for bonuses	82,024	56,347
Unused vacation provision	13,604	8,834
Total	95,628	65,181

Long term:

Provision for employment termination benefits	108,868	68,147
Provision for seniority incentive plan	1,845	2,443
Total	110,713	70,590

Movements in the short-term provisions for employment termination benefits for the years ended 31 December 2021 and 2020 are as follows:

Provision for bonuses	2021	2020
1 January	56,347	28,798
Current period charges	64,283	56,281
Bonus premiums paid	(38,606)	(28,732)
31 December	82,024	56,347

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Proovision for unused vacation	2021	2020
1 January	8,834	6,351
Charge for the year	4,588	2,881
Acquisition effect	182	-
Transfers related to assets held for sale	-	(398)
31 December	13,604	8,834

Under Turkish labor law, the Company is officially required to pay the severance pay to each employee whose employment contract has expired. Also, the Company is required to pay the severance payment to employees who has the right to leave the Company by receiving severance pays according to the 2422 numbered, 6 March 1981 dated and 4447 numbered, 25 August 1999 dated Law no.506 on Social Insurance Law's 60th clause which is still effective.

The liability is not funded as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees.

IAS 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:

	2021	2020
Discount rate (%)	4.45	4.70
Probability of retirement (%)	88.35 - 97.22	86.12 - 98.27

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 full TRY10,848.59 effective from 1 January 2021 (1 January 2020: full TRY7,638.96) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

Movements in the provisions for employment termination benefits and seniority incentive bonus for the years ended 31 December 2021 and 2020 are as follows:

	2021	2020
1 January	70,590	56,592
Acquisition effect	915	-
Compensation paid	(8,915)	(4,151)
Service cost	10,381	6,423
Interest cost	6,974	4,664
Actuarial gain	30,768	7,353
Transfers related to assets held for sale	-	(291)
31 December	110,713	70,590

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NOTE 19 - OTHER ASSETS AND LIABILITIES

	31 December 2021	31 December 2020
Other current assets:		
VAT receivable	395,947	154,472
Income accruals	3,234	7,330
Other	3,015	2,643
Total	402,196	164,445

Other non-current assets:

VAT receivable	3,328	2,488
Other	159	662
Total	3,487	3,150

Other current liabilities:

Expense accruals	14,681	56
Taxes and fund payables	4,230	463
Total	18,911	519

Other non-current liabilities:

Deposits and guarantees received	30,210	18,034
Total	30,210	18,034

NOTE 20 – ASSETS HELD FOR SALE

	31 December 2021	31 December 2020
Land and plots (*)	2,141	93,214
Ak Havacılık (**)	-	77,573
Total	2,141	170,787

(*) Assets held for sale as of report date Aksa Akrilik Kimya Sanayii A.Ş. It consists of machinery and equipment owned by its subsidiary abroad and which are idle. In 2020, the land and buildings registered in İstanbul Province, Zeytinburnu District, Merkez Efendi District, block 2953, plot 25, which were classified as assets held for sale, were sold for TRY 113 million including VAT, and the sales profit was classified under the note "Income from investment activities" (Note 27).

(**) At the Board of Directors Meeting of Akkök Holding A.Ş., held on 24 December 2020, it was resolved to sale all of the shares corresponding to 100% of Ak Havacılık's capital. As of October 26, 2021, the share transfer process has been completed.

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NOTE 21 - BORROWINGS

	31 December 2021	31 December 2020
Short-term bank borrowings	3,848,316	1,653,067
Other financial liabilities	64	384
Subtotal	3,848,380	1,653,451
Short term portion of long-term bank borrowings	1,693,373	656,671
Issued bonds	-	54,696
Lease liabilities	27,491	20,566
Total short term financial liabilities	5,569,244	2,385,384
Long-term bank borrowings	3,967,528	3,770,543
Lease liabilities	68,719	58,559
Total long term financial liabilities	4,036,247	3,829,102

The details of borrowings of the Group are as follows:

	31 December 2021		31 December 2020	
	Annual weighted average interest rate %	TRY equivalent	Annual weighted average interest rate %	TRY equivalent
Short-term bank borrowings:				
USD loans	0.86 - 4.00	3,113,385	2.30 - 3.11	641,215
EUR loans	0.66-3.00	155,263	0.5 - 3.94	27,890
TRY loans	12.83-30.00	579,670	2.00 - 13.21	983,964
Other financial liabilities	-	62	-	384
Total		3,848,380		1,653,451

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	31 December 2021		31 December 2020	
	Annual weighted average interest rate %	TRY equivalent	Annual weighted average interest rate %	TRY equivalent
Short term portion of long-term bank borrowings:				
USD loans	3.00-6.95	857,418	3.27 - 5.51	349,139
EUR loans	3	625,916	0.5 - 4.60	151,329
TRY loans	8.93-16.23	210,039	2.12 - 13.11	109,706
Issued bonds	-	-	-	101,193
Lease liabilities	-	27,491	-	20,566
Total		1,720,864		731,933

Long-term bank borrowings:

USD loans	1.25-6.87	3,009,466	1.45 - 5.36	2,914,264
EUR loans	3	549,962	0.5 - 4.60	662,246
TRY loans	8.50-19.50	408,100	2.00 - 13.4	194,033
Lease liabilities	-	68,719	-	58,559
Total		4,036,247		3,829,102

The movement table of financial borrowings for the years ended 31 December 2021 and 2020 are as follows:

	2021	2020
1 January	6,214,486	5,293,222
Cash inflow from new borrowings obtained	4,376,305	5,049,338
Cash outflows from redemption of borrowings	(4,896,578)	(5,276,111)
Change in interest accrual	214,771	224,717
Exchange rates differences	3,900,414	888,426
Interest paid	(218,318)	-
Lease liabilities	14,411	35,000
Transfers related to assets held for sale	-	(106)
31 December	9,605,491	6,214,486

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The book value and fair value of the borrowings as of 31 December 2021 and 2020 is as follows:

	31 December 2021		31 December 2020	
	Fair Value	Book Value (*)	Fair Value	Book Value (*)
USD loans	7,118,036	6,980,270	3,854,047	3,904,618
EUR loans	1,359,328	1,331,138	977,833	841,466
TRY loans	1,173,385	1,197,873	1,478,771	1,389,277
Total	9,650,749	9,509,281	6,310,651	6,135,361

(*) The balance does not include the amounts of financial lease liabilities arising under IFRS 16.

The fair values of the borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 2 fair values in the fair value hierarchy.

The repayment schedule of borrowings is as follows:

	31 December 2021	31 December 2020
To be paid within 1 year	5,569,244	2,385,384
To be paid between 1-2 year	676,657	1,948,972
To be paid between 2-3 year	2,813,201	499,174
To be paid between 3-4 year	292,207	471,900
To be paid after 4 years	254,182	909,056
Total	9,605,491	6,214,486

At 31 December 2021, bank borrowings with floating interest rates amounts to TRY3,268,645 (2020: TRY1,475,445). The floating interest rate bank borrowings denominated in USD, which represents a significant portion of total bank borrowings of the Group, have interest rates fluctuating between London Interbank Offered Rate (Libor) +3.10% and +3.25% and in EUR have interest rates fluctuating between London Interbank Offered Rate (Libor) +2.45% and +3.90% (2020: in USD Libor+3.10% to +3.25%, in EUR Libor+%2.45 to Libor+%3.90).

NOTE 22 - DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2021		31 December 2020	
	Asset	Liabilities	Asset	Liabilities
Hedging instruments	82,773	-	5,977	119,196
Held for trading	38,627	7,143	20,166	17,384
Total	121,400	7,143	26,143	136,580

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Derivatives as hedging instruments:

	31 December 2021		31 December 2020	
	Contract amount	Fair value liabilities	Contract amount	Fair value liabilities
Interest rate swaps	33,447	5,827	704,112	(25,424)
Cross currency swaps	115,562	76,946	568,242	(69,857)
Forward	-	-	30,056	(17,938)
Total	149,009	82,773	1,302,410	(113,219)

Derivative financial instruments are initially recognized at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

The derivative instruments of the Group mainly consist of interest rate swap and forward foreign exchange purchase and sale transactions.

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group. These derivative transactions, even though providing effective economic hedges under the Group risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives hedging derivative financial instruments in the consolidated financial statements. Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognized in equity as “hedging reserves” after tax effect.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, or when a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement. The realisation of promised or probable future transactions are recorded in the income statement, if not realised, accumulated gains or losses are recognised as income or loss in the consolidated financial statements.

At December 31 December 2021, the fixed interest rates vary from 0.86% to 4.00% for USD (2020: USD 0.325% to 1.13%) and the main floating rates are EURIBOR and LIBOR. Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of 31 December 2021 will be continuously released to the income statement within finance cost until the repayment of the bank borrowings.

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NOTE 23 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Capital

At 31 December 2021 and 2020 the Group’s share capital and shareholding structure exceeding 1% were as follows:

	Share (%)	31 December 2021	Share (%)	31 December 2020
A.R.D Holding Anonim Şirketi	33	334,483	33	334,483
Atlantik Holding Anonim Şirketi	33	334,483	33	334,483
NDÇ Holding Anonim Şirketi	33	334,482	33	334,482
Other	1	2	1	2
Nominal capital	100	1,003,450	100	1,003,450
Adjustment to share capital		(10,406)		(10,406)
Total	100	993,044	100	993,044

The Group’s authorised share capital consists of 100,345,000,000 shares each with TRY0.01 value (2020: 100,345,000,000). There are no privileges given to shares of different groups and shareholders, As of balance sheet date, the paid-in capital is TRY1,003,450.

The share capital, which was increased from TRY13,098 to TRY863,378 with the decision taken at the extraordinary general meeting dated 23 December 2015, through the addition of the Company’s whole internal resources to the capital (only from internal resources) pursuant to Article 462 of the Turkish Commercial Code (TCC) was increased to TRY1,003,450 taken at the extraordinary general assembly meeting held on 23 December 2015, Increased to TL 1,003,450 with the decision of capital increase taken at the extraordinary general meeting held on 14 January 2016. All of the guaranteed was paid in cash.

Retained Earnings and Legal Reserves

Legal reserves consist of first and second legal reserves, calculated in accordance with the Turkish Commercial Code. The first legal reserve is calculated as 5% of the financial statutory profits per annum until the total reserve reaches 20% of the historical paid-in share capital. In accordance with Turkish Commercial Code, restricted reserves not exceeding 50% of share capital can be offset against accumulated losses but cannot be distributed.

As of 31 December 2021 and 2020, retained earnings of Akkök its stand-alone with statutory financial statements are as follows:

	31 December 2021	31 December 2020
Legal reserves	43,824	34,318
Net profit for the period	358,377	190,112
Retained earnings	258,230	231,936
Total	660,431	456,366

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Informations on subsidiaries with significant non-controlling interest

Group subsidiaries with significant non-controlling interest are Akiş, Akkim and Aksa, Summary of the financial information of these subsidiaries are stated below:

31 December 2021	Ownership of non-controlling interest (%)	Assets	Liabilities	Revenue	Net profit/loss for the year
Akiş	85.34%	7,729,416	3,591,288	415,949	237,917
Akkim	58.00%	4,806,162	3,784,820	3,613,805	946,163
Aksa	59.61%	9,570,254	6,608,771	8,348,157	1,218,212
Total		22,105,832	13,984,879	12,377,911	2,402,292

31 December 2020	Ownership of non-controlling interest (%)	Assets	Liabilities	Revenue	Net profit/loss for the year
Akiş	85.34%	6,104,878	2,497,664	301,444	(458,444)
Akkim	58.00%	2,542,194	1,829,226	1,929,973	433,101
Aksa	59.61%	5,010,692	3,068,333	4,109,857	457,186
Total		13,657,764	7,395,223	6,341,274	431,843

NOTE 24 - REVENUE AND COST OF SALES

a) Revenue

	1 January - 31 December 2021	1 January - 31 December 2020
Local sales	8,410,346	4,286,434
Export sales	4,207,114	2,110,911
Less: sales returns (-)	(46,599)	(19,411)
Less: sales discounts (-)	(415,968)	(198,554)
Revenue, net	12,154,893	6,179,380

b) Cost of sales

	1 January - 31 December 2021	1 January - 31 December 2020
Raw materials	7,398,464	3,559,199
Personnel expenses	338,608	283,364
Depreciation and amortisation expenses	231,822	206,400
Shopping mall costs	59,353	53,576
Other	608,630	222,692
Total	8,636,877	4,325,231

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NOTE 25 - GENERAL AND ADMINISTRATIVE EXPENSES

a) General administrative expenses

	1 January - 31 December 2021	1 January - 31 December 2020
Personnel expenses	154,335	114,591
Consultancy expenses	57,661	32,770
Depreciation and amortization expenses	29,252	13,813
Other tax expenses	25,150	5,933
IT and communication expenses	14,703	15,525
Travelling expenses	5,182	2,949
Office expenses	5,143	3,703
Rent expenses	1,382	1,678
Other	8,497	17,142
Total	301,305	208,104

b) Marketing expenses

	1 January - 31 December 2021	1 January - 31 December 2020
Export expenses	59,641	30,578
Personnel expenses	57,566	41,162
Commission expenses	52,635	29,859
Transportation expenses	52,400	22,047
Depreciation and amortization expenses	11,837	8,445
Travel expenses	6,451	3,624
Advertisement expenses	5,815	4,575
Insurance expenses	5,135	3,923
Rent expenses	2,387	757
Other	33,990	15,201
Total	287,857	160,171

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NOTE 26 - OTHER OPERATING INCOME AND EXPENSE

a) Other operating income

	1 January - 31 December 2021	1 January - 31 December 2020
Foreign exchange gain on commercial activities	1,931,268	605,090
Inventory impairment reversal (Note 10)	54,029	6,928
Interest income from credit sales	29,523	34,300
Gain on sale of scraps	21,969	23,563
Other	72,045	20,193
Total	2,108,834	690,074

b) Other operating expenses

	1 January - 31 December 2021	1 January - 31 December 2020
Foreign exchange loss on commercial activities	2,021,890	549,357
Provision expenses	45,822	71,280
Interest expense from credit purchases	17,259	9,127
Provision for impairment expenses	8,780	6,826
Other	23,340	10,675
Total	2,117,091	647,265

NOTE 27 - INCOME AND EXPENSE FROM INVESTING ACTIVITIES

a) Income from investing activities

	1 January - 31 December 2021	1 January - 31 December 2020
Increase in fair value of investment properties	1,390,452	53,744
Gain on sales of fixed assets classified as held for sale	146,689	-
Gain on sale of investment property	17,431	-
Gain on sales of fixed assets	7,894	45,533
Income from sale of share from financial investments and associates	4,753	4,590
Other	-	10,625
Total	1,567,219	114,492

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b) Expense from investing activities

	1 January - 31 December 2021	1 January - 31 December 2020
Loss on sales of fixed assets	21	2,085
Decrease in fair value of investment properties	-	164,852
Total	21	166,937

NOTE 28 - EXPENSES BY NATURE

Expenses classified by nature for the period of 31 December 2021 and 2020 are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Raw materials and supplies	7,398,464	3,559,199
Personnel expenses	563,568	454,662
Depreciation and amortization (*)	288,535	236,267
Energy expenses	125,850	39,761
Maintenance, repair and cleaning expenses	88,122	52,597
Shopping mall costs	59,353	53,576
Other	758,124	335,614
Total	9,282,016	4,731,676

(*) As of 31 December 2021, depreciation and amortisation expenses amounting to TRY288,535 consist of depreciation of property plant and equipment amounting to TRY212,323, depreciation of intangible assets amounting to TRY51,552, depreciation of right of use assets amounting to TRY24,660 and depreciation of inventories amounting to TRY1,304. There are no depreciation expenses of the investments in progress as the project development costs of the not yet completed project expenses.

	1 January - 31 December 2021	1 January - 31 December 2020
Personnel expenses		
Cost of sales	338,608	283,364
General administrative expenses	154,335	114,591
Marketing expenses	57,566	41,162
Research and development expenses	13,059	15,545
Total	563,568	454,662

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NOTE 29 - FINANCIAL INCOME AND EXPENSES

Financial income:	1 January - 31 December 2021	1 January - 31 December 2020
Foreign exchange gain	2,040,508	1,083,659
Gain from derivative financial instruments	203,146	26,900
Interest income	96,265	70,659
Total	2,339,919	1,181,218

Financial expenses:	1 January - 31 December 2021	1 January - 31 December 2020
Foreign exchange loss	3,356,566	1,671,281
Interest expense	375,239	339,244
Loss from derivative financial instruments	84,734	39,467
Other	10,276	9,923
Total	3,826,815	2,059,915
Financial expenses, net	1,486,896	878,697

NOTE 30 - TAXES ON INCOME

	31 December 2021	31 December 2020
Corporate and income taxes payable	179,325	93,440
Less: prepaid corporate income tax	(125,522)	(78,169)
Current income tax (assets)/liabilities, net	53,803	15,271

The details of taxation on income in the statements of comprehensive income for the years ended 31 December 2021 and 2020 are as below:

	1 January - 31 December 2021	1 January - 31 December 2020
Current income tax expense	(167,900)	(93,440)
Deferred tax expense	(60,260)	10,121
Total tax expense, net	(228,160)	(83,319)

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Deferred tax assets and liabilities

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred tax has been provided at 31 December 2021 and 2020 using the enacted tax rates is as follows:

	Temporary taxable differences		Deferred tax assets /(liabilities)	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Property, plant and equipment, intangible assets and right of use assets	(270,051)	269,661	65,589	(61,760)
Investment properties	215,293	137,407	(21,684)	(13,741)
Deferred income	(288,481)	(46,669)	63,490	9,334
Investment incentives	(212,090)	(54,657)	23,532	14,546
Derivative financial instruments	42,369	(108,727)	(9,146)	21,746
Employee benefits	(109,162)	(72,301)	21,832	15,209
Trade receivables and provisions for doubtful receivables	37,830	(98,553)	(8,081)	19,710
Financial lease liabilities	(23,579)	(45,619)	4,716	9,873
Other	(152,692)	(15,328)	11,733	(3,791)
Deferred tax liabilities, net			151,981	11,126

Since each subsidiary are separate taxpayers, net deferred income tax assets or liabilities for each of these taxpayers have been calculated however these have not been offset in the consolidated balance sheets. The temporary differences and deferred tax assets and liabilities presented above are based on the gross values and represent the net deferred tax position.

Movements of deferred tax assets/(liabilities) as at 31 December 2021 and 2020 as below:

	2021	2020
1 January	11,126	(24,877)
Deferred tax expense recognised in profit or loss, net	(60,260)	10,121
Deferred tax income recognised in other comprehensive income	245,302	26,854
Acquisition effect	(49,461)	-
Currency translation differences	5,274	(844)
Transfers related to assets held for sale	-	(128)
31 December	151,981	11,126

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The reconciliation of tax expenses stated on the consolidated statement of comprehensive income for the years ended 31 December 2021 and 2020 is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Profit/(loss) before taxes	2,944,798	666,852
Expected tax expense of the Group (25%, 22%)	(736,200)	(146,707)
Effect of tax losses for which no deferred tax assets was recognized ^(*)	-	(101,080)
Revaluation effect ^(**)	225,566	-
Previous year losses utilized in the current year for which no deferred tax assets recognised in previous years	-	3,584
Investment incentives	223,125	133,999
Expenses not deductible for tax purposes	(45,309)	(6,432)
Effect of consolidation adjustments	21,622	21,134
Other income/expense exempt from tax	120,052	8,613
Tax rate change effect and other	(37,016)	3,570
Current tax expense of the Group	(228,160)	(83,319)

(*) Tax losses for which no deferred tax assets was recognized arise from the fact that Akış GYO's income from real estate investment trust activities are not subject to Corporate Tax.
(**) With the regulation published in the Official Gazette dated June 9, 2021, the Provisional Article 31 of the Tax Procedure Law No. 213 was updated and the opportunity to revalue the immovables registered to companies and other economic assets subject to depreciation, provided that they comply with the determined conditions and provisions. The fixed assets of the company have been evaluated in accordance with this article in the books prepared in accordance with the tax procedure law. Within the scope of the said law, deferred tax asset has been created in the financial position statement based on the revaluation records in the legal book and the deferred tax income related to this has been recorded in the consolidated income statement.

As of balance sheet date, the Group did not recognize deferred income tax assets on carry forward tax losses' of certain subsidiaries, for which amounts, and expiration dates are as follows:

Dates of expiry	31 December 2021	31 December 2020
2021	-	42
2022	66	66
2023	68	68
2024	47	229
2025	98	98
2026	184	-
Total	463	503

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NOTE 31 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

Financial risk factors

The Groups principal financial instruments are cash and cash equivalents, trade receivables, trade payables and financial liabilities. The main purpose of these financial instruments is to raise finance for the Group’s operations. The main risks arising from the Group’s financial instruments are liquidity risk, foreign currency risk, interest rate risk and credit risk. The Group management reviews and agrees policies for managing each of the risks as summarised below.

31.1 Foreign currency risk

Foreign currency risk is identified by the changes in cash flows and revenues due to changes in foreign currency rates. The Group is exposed to foreign currency risk with the foreign currency transactions of sales, purchases and financial liabilities. In these transactions, USD and EUR are the main currencies. In selected subsidiaries, Akkök, implemented written policies for managing these risks. Written policies are determined considering, a) risk appetite b) strategies and plan to reduce risk to an acceptable level c) risk monitoring methods (reporting, etc.). These policies are revised when necessary and reviewed at least once a year.

Net foreign currency positions of selected subsidiaries are periodically analysed by Akkök. In order to manage the foreign currency risk, natural hedging is achieved, as practically possible, through balance sheet management. In addition, the Group enters into derivative contracts to manage shorter - term foreign currency risk, where necessary. For longer term management of the risk, the Group considers market conditions and enters into derivative contracts.

As of 31 December 2021, the foreign currency position of the Group is prepared using the following foreign exchange rates: USD/TRY 13.3290, EUR/TRY 15.0867 (2020: USD/TRY 7.3405, EUR/TRY 9.0079).

Foreign currency position table denominated in Turkish Lira as of 31 December 2021 and 2020 is as follows:

	31 December 2021	31 December 2020
Assets	6,197,980	3,246,965
Liabilities (-)	(11,881,055)	(5,656,207)
Net balance sheet position	(5,683,075)	(2,409,242)

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	31 December 2021			
	USD	EUR	Other Currencies	Total
Assets:				
Cash and cash equivalents	2,627,904	823,293	10,096	3,461,293
Financial investments	789,576	-	-	789,576
Trade receivables	1,395,232	438,574	101,103	1,934,909
Other assets	9,123	28	3,052	12,203
Total assets	4,821,835	1,261,895	114,251	6,197,981
Liabilities:				
Short-term borrowings	3,956,988	759,491	18	4,716,497
Long-term borrowings	2,937,105	420,275	-	3,357,380
Trade payables	3,011,205	347,904	2,994	3,362,103
Other liabilities	48,740	395,954	382	445,076
Total liabilities	9,954,038	1,923,624	3,394	11,881,056
Net foreign currency position	(5,132,203)	(661,729)	110,857	(5,683,075)

	31 December 2020			
	USD	EUR	Other Currencies	Total
Assets:				
Cash and cash equivalents	950,779	586,337	5,344	1,542,460
Financial investments	571,826	-	-	571,826
Trade receivables	918,905	174,887	33,248	1,127,040
Other assets	4,640	999	-	5,639
Total assets	2,446,150	762,223	38,592	3,246,965
Liabilities:				
Short-term borrowings	990,354	179,219	-	1,169,573
Long-term borrowings	2,914,264	662,246	-	3,576,510
Trade payables	741,549	131,996	1,285	874,830
Other liabilities	11,927	23,365	2	35,294
Total liabilities	4,658,094	996,826	1,287	5,656,207
Net foreign currency position	(2,211,944)	(234,603)	37,305	(2,409,242)

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The table below shows the sensitivity of the net foreign currency position of the Group to the changes in foreign exchange rates as of 31 December 2021 and 2020:

31 December 2021	Foreign currency appreciation	Foreign currency devaluation
Change of USD against TRY by 10%		
USD net assets/liabilities	(513,220)	513,220
Hedging amount of USD	95,333	(95,333)
USD net effect - income/expense	(417,887)	417,887
Change of EUR against TRY by 10%		
EUR net assets/liabilities	(66,173)	66,173
Hedging amount of EUR	34,562	(34,562)
Euro net effect - income/expense	(31,611)	31,611

31 December 2020	Foreign currency appreciation	Foreign currency devaluation
Change of USD against TRY by 10%		
USD net assets/liabilities	(221,194)	221,194
Hedging amount of USD	55,954	(55,954)
USD net effect - income/expense	(165,240)	165,240
Change of EUR against TRY by 10%		
EUR net assets/liabilities	(23,460)	23,460
Hedging amount of EUR	12,925	(12,925)
Euro net effect - income/expense	(10,535)	10,535

31.2 Interest rate risk

Interest rate risk arises from changes in interest rates of interest-bearing liabilities and assets. As the medium and long-term borrowings are only available with floating rates in the market the Group is exposed to interest rate risk from time to time. Akkök Holding Anonim Şirketi, implemented written policies for managing these risks. Written policies are determined considering, a) risk appetite b) strategies and plans to reduce risk to an acceptable level c) risk monitoring methods (reporting, etc.). These policies are revised when necessary and reviewed at once a year. The Group watches markets closely, analyses sensitivity to interest rate changes and the weighted average maturity of liabilities to identify possible changes in costs. As a result of analysis; if necessary, interest rate swaps are used to fix some portion of the floating rate debt liabilities during the term of the loan.

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Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. As of 31 December 2021, and 2020, the Group’s borrowings at floating rates are mainly denominated in USD and EUR.

At 31 December 2021, if interest rates on USD denominated borrowings had been higher/lower by 100 base point with all other variables held constant, profit before income taxes would have been TRY961/912 (2020: TRY492) lower/higher, mainly as a result of high interest expense on floating rate borrowings.

31.3 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 the management based on their past experiences and current economic condition, and are presented in financial statements net of provision for doubtful receivables

The Fitch rating scores of the banks in which the company has short term time and demand deposits, are within the range of F3-B.

As at December 31 December 2021, trade receivables amounting to TRY463,341 (2020: TRY274,915) were past due but not impaired. The Group does not foresee any collection risk for receivables overdue up to one month due to industry dynamics and circumstances. The Group applies a portion of trade receivables overdue more than one month by interest charge. Aging of past due but not impaired trade receivables 31 December 2021 and 2020 is as follows:

	31 December 2021	31 December 2020
Up to 3 months overdue	254,526	146,496
More than 3 months overdue	208,815	128,419
Total	463,341	274,915

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Credit risk of financial instruments at 31 December 2021 and 2020 are as follows:

31 December 2021	Trade and other receivables		Bank deposits	Stock, fund and bond	Derivative financial assets
	Related party	Other			
Maximum credit risk exposure as of the reporting date (A+B+C+D)	111,771	3,354,384	3,992,436	793,180	121,400
Secured portion	-	1,582,284	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	73,599	2,928,517	3,992,436	793,180	121,400
- Secured portion	-	1,288,804	-	-	-
B. Net book value of financial assets that are past due but not impaired	38,172	425,169	-	-	-
- Secured portion	-	292,782	-	-	-
C. Net book value of financial assets that are past due and impaired	-	698	-	-	-
- Overdue (gross book value)	-	183,512	-	-	-
- Impairment (-)	-	(182,814)	-	-	-
- Secured portion	-	698	-	-	-
- Not overdue (gross book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-

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31 December 2020	Trade and other receivables		Bank deposits	Stock, fund and bond	Derivative financial assets
	Related party	Other			
Maximum credit risk exposure as of the reporting date (A+B+C+D)	92,877	1,780,486	1,682,633	385,722	26,723
Secured portion	-	743,056	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	59,503	1,538,247	1,682,633	385,722	26,723
- Secured portion	-	601,661	-	-	-
B. Net book value of financial assets that are past due but not impaired	33,374	241,541	-	-	-
- Secured portion	-	141,395	-	--	-
C. Net book value of financial assets that are past due and impaired	-	698	-	-	-
- Overdue (gross book value)	-	149,266	-	-	-
- Impairment (-)	-	(148,568)	-	-	-
- Secured portion	-	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-

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31.4 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. The liquidity is minimised by balancing the cash inflows and outflows and also securing funds from reliable financial institutions. The breakdown of financial assets and liabilities according to their maturities is disclosed considering the due date periods. Financial assets and liabilities that have no certain due dates are classified in over one-year column.

31 December 2021

Contractual maturities	Carrying value	Contractual cash flows (=I+II+III+ IV)	Up to 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
Non-derivate financial liabilities						
Borrowings	9,605,491	11,013,076	1,336,912	4,494,911	4,482,414	698,839
Trade payables	4,088,218	4,217,013	3,745,615	465,989	5,409	-
Due to related parties	55,373	59,277	56,448	2,829	-	-
Total	13,749,082	15,289,366	5,138,975	4,963,729	4,487,823	698,839

31 December 2020

Contractual maturities	Carrying value	Contractual cash flows (=I+II+III+ IV)	Up to 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
Non-derivate financial liabilities						
Borrowings	6,214,486	6,680,668	1,167,471	1,286,067	3,593,832	633,299
Trade payables	1,122,662	1,125,979	928,903	192,337	4,739	-
Due to related parties	82,283	82,204	79,954	2,250	-	-
Total	7,419,431	7,888,851	2,176,328	1,480,654	3,598,571	633,299

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31.5 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 controls its capital using the net debt/total capital ratio. This ratio is calculated by dividing net debt by the total capital amount. Net debt is calculated as total liability amount (comprises of borrowings, trade payables and payables to related parties as presented in the balance sheet) less cash and cash equivalents Total capital is calculated as equity plus the net debt amount as presented in the balance sheet.

The ratio of net debt/equity at 31 December 2021 and 2020 is as follows:

	31 December 2021	31 December 2020
Total liabilities	13,749,082	7,419,431
Less: cash and cash equivalents (Note 5)	(3,994,741)	(1,684,093)
Less: short term financial investments	(645,856)	(581,592)
Net debt	9,108,485	5,153,746
Total shareholders' equity	9,256,151	7,050,722
Total equity	18,364,636	12,204,468
Gearing ratio (%)	50	42

31.6 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 realise in a current market exchange.

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

Monetary 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 approximate 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 with their provisions for doubtful receivables.

Monetary liabilities

Bank loans and other liabilities are anticipated to approximate their book value due to their short-term nature.

The long-term loans are assumed to approximate to their carrying value due to their variable interest rates. The determined fair value of long-term loans to explained on notes, is the discounted amount of cash flows according to agreements with current market interest rate (Note 21).

Fair Value Estimation:

Effective from 1 January 2011 the group adopted the amendment to IFRS 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 hierarchy:

Level 1: Quoted prices 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 or indirectly;

Level 3: Inputs for the asset or liability that is not based on observable market data.

31 December 2021	Level 1	Level 2	Level 3
Financial investments measured at fair value through profit or loss	-	80,254	-
Financial investments measured at fair value through other comprehensive income	5,854	-	226
Derivative financial assets	-	121,400	-
Total assets	5,854	121,400	226

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31 December 2020	Level 1	Level 2	Level 3
Financial investments measured at fair value through profit or loss	-	113,684	-
Financial investments measured at fair value through other comprehensive income	9,466	-	226
Derivative financial assets	-	26,143	-
Total assets	9,466	139,827	226

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

NOTE 32 - FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR INDEPENDENT AUDIT FIRMS

The Group’s explanation regarding the fees for the services received from the independent audit firms, which is based on the letter of POA dated August 19, 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on March 30, 2021, are as follows:

	2021	2020
Audit and assurance fee ^(*)	4,030	3,121
Tax consulting fee	118	103
Other assurance services fee	126	144
Other service fee apart from audit	20	17
	4,295	3,585

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

NOTE 33 - EVENTS AFTER THE BALANCE SHEET DATE

None.

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