

**AKKÖK HOLDİNG ANONİM ŞİRKETİ**

**CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2021 TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT**



## INDEPENDENT LIMITED ASSURANCE REPORT ON FINANCIAL COVENANT CALCULATIONS

### Private and Confidential

30 May 2022

To the Board of Directors of  
Akkök Holding Anonim Şirketi

### *Introduction*

1. We have been engaged by the management of Akkök Holding Anonim Şirketi (the “Company”) and its subsidiaries (together, the “Group”) to perform an independent limited assurance engagement in respect of the financial covenant calculations described in Section 6.06 (a) paragraphs (i), (ii) and (iii) of the Deed of Guarantee and Support dated 6 December 2010, and subsequently amended by the Amendment and Restatement Agreement dated 20 May 2016, signed between Akkök Holding Anonim Şirketi, International Finance Corporation and European Bank for Reconstruction and Development, which is referred to in the Common Terms Agreement dated 6 December 2010, and subsequently amended by the Amendment and Restatement Agreement dated 20 May 2016, signed between Akcez Enerji Yatırımları Sanayi ve Ticaret A.Ş., Sakarya Elektrik Dağıtım A.Ş., Sakarya Elektrik Perakende Satış A.Ş., International Finance Corporation, European Bank for Reconstruction and Development and Unicredit Bank AG.

### *Scope*

2. Our limited assurance engagement focused on the accompanying schedule of financial covenant calculations of the Group as at 31 December 2021 (the “Schedule”). The Schedule (Appendix A) has been prepared by management with respect to the Group’s compliance with the financial covenant requirements in the Deed of Guarantee and Support dated 6 December 2010, and subsequently amended by the Amendment and Restatement Agreement dated 20 May 2016, as described in the preceding paragraph.

### *Management's responsibility for the Schedule*

3. The Group management is responsible for preparation of the Schedule in accordance with the requirements set out in Section 6.06 (a) paragraphs (i), (ii) and (iii) of the Deed of Guarantee and Support dated 6 December 2010, and subsequently amended by the Amendment and Restatement Agreement dated 20 May 2016, and presentation of the Schedule that is free from material misstatement. Management is also responsible for maintaining adequate records and internal controls that are designed to support the reporting process.



#### *Our responsibility*

4. Our responsibility is to form an independent conclusion, based on limited assurance procedures, on whether anything has come to our attention to indicate that the financial information included in the financial covenant calculations is inconsistent with the consolidated financial information of Akk k Holding Anonim Őirketi and its subsidiaries as of and for the year ending 31 December 2021 and the calculations in the Schedule (Appendix A) are not mathematically accurate.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000, 'Assurance engagements other than audits or reviews of historical financial information', issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance on the Schedule. A limited assurance engagement is less in scope than a reasonable assurance engagement under ISAE 3000. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement. Our limited assurance procedures included;

- Making enquiries of relevant management of Akk k Holding Anonim Őirketi and reviewing the financial covenant requirements in Deed of Guarantee and Support dated 6 December 2010, and subsequently amended by the Amendment and Restatement Agreement dated 20 May 2016
- Reviewing the consistency of the financial information in the Schedule with the Group's consolidated financial information (Appendix B) as at and for the year ending 31 December 2021
- Reviewing the calculations in the Schedule for mathematical accuracy

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

#### *Limited assurance conclusion*

5. Based on the results of our procedures, nothing has come to our attention that causes us to believe that the accompanying financial information in the Schedule (Appendix A) for Akk k Holding Anonim Őirketi as of 31 December 2021 and for the year then ended has not been properly prepared, in all material respects, in consistency with the financial information as included within the consolidated financial information (Appendix B) as of 31 December 2021 and for the year then ended and that the calculations in the Schedule (Appendix A) are not mathematically accurate.



*Restriction on use*

6. This letter is prepared upon the request of the Group; therefore, should not be released to any other party without our written consent. Because we do not have any engagement with the aforementioned financial institutions (or any other financial institution that may become a party of the aforementioned loan agreement) and our limited assurance procedures were not intended for the benefit of these financial institutions, we do not assume any duties or obligations to these financial institutions. Furthermore, we do not accept responsibility for the use of this letter by any party other than the Company.

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

A handwritten signature in blue ink, appearing to be 'Ediz Günsel', is written over the printed name and title.

Ediz Günsel, SMMM  
Partner

Istanbul, 30 May 2022

# **AKKÖK HOLDİNG ANONİM ŞİRKETİ**

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# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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		
	references	31 December 2021	31 December 2020
<b>ASSETS</b>			
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		-	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
<b>Subtotal</b>		<b>11,271,327</b>	<b>5,705,834</b>
Assets held for sale	20	2,141	170,787
<b>Current assets</b>		<b>11,273,468</b>	<b>5,876,621</b>
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
<b>Non-current assets</b>		<b>12,980,961</b>	<b>9,261,860</b>
<b>TOTAL ASSETS</b>		<b>24,254,429</b>	<b>15,138,481</b>

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

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

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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		
	references	31 December 2021	31 December 2020
<b>LIABILITIES</b>			
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
<b>Current liabilities</b>		<b>10,763,614</b>	<b>4,120,538</b>
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
<b>Non-current liabilities</b>		<b>4,234,664</b>	<b>3,967,221</b>
<b>TOTAL LIABILITIES</b>		<b>14,998,278</b>	<b>8,087,759</b>

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

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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		
	references	31 December 2021	31 December 2020
<b>Equity attributable to equity holders of the parent</b>			
Paid-in share capital	23	1,003,450	1,003,450
Adjustments to share capital		(10,406)	(10,406)
<b>Total paid-in capital</b>		<b>993,044</b>	<b>993,044</b>
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
<b>Total equity attributable to equity holders of the parent</b>		<b>3,400,601</b>	<b>2,500,116</b>
<b>Non-controlling interests</b>		<b>5,855,550</b>	<b>4,550,606</b>
<b>TOTAL EQUITY</b>		<b>9,256,151</b>	<b>7,050,722</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>24,254,429</b>	<b>15,138,481</b>

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



# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 -	1 January -
	references	31 December 2021	31 December 2020
Revenue	24	12,154,893	6,179,380
Cost of sales (-)	24	(8,636,877)	(4,325,231)
<b>Gross profit</b>		<b>3,518,016</b>	<b>1,854,149</b>
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)
<b>Operating profit</b>		<b>2,864,620</b>	<b>1,490,513</b>
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
<b>Operating profit before finance income and expense</b>		<b>4,431,694</b>	<b>1,545,549</b>
Finance income	29	2,339,919	1,181,218
Finance expenses (-)	29	(3,826,815)	(2,059,915)
<b>Profit before tax from continuing operations</b>		<b>2,944,798</b>	<b>666,852</b>
Current income tax expense	30	(167,900)	(93,440)
Deferred tax income/(expense)	30	(60,260)	10,121
<b>Net profit for the period</b>		<b>2,716,638</b>	<b>583,533</b>
<b>Profit for the period attributable to:</b>			
Equity holders of the parent		1,216,763	444,960
Non-controlling interest		1,499,875	138,573
<b>Net profit for the period</b>		<b>2,716,638</b>	<b>583,533</b>

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

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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	Audited 1 January - 31 December 2021	Audited 1 January - 31 December 2020
<b>Net profit for the period</b>		<b>2,716,638</b>	<b>583,533</b>
<b>Other comprehensive income:</b>			
<b>Items to be reclassified to profit or loss</b>			
-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
<b>Items not to be reclassified to profit or loss</b>			
-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)
<b>Total comprehensive income</b>		<b>2,321,731</b>	<b>626,593</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent		1,040,364	449,579
Non-controlling interest		1,281,367	177,014
<b>Total comprehensive income</b>		<b>2,321,731</b>	<b>626,593</b>

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

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

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

			Items to be reclassified to profit or loss			Items not to be reclassified to profit or loss							Total equity		Total equity
	Paid-in share capital	Adjustment to share capital	Change in fair value of financial assets measured at fair value through other comprehensive income	Currency translation differences	Hedging reserve	Actuarial loss arising from defined benefit plans	Restricted reserves	Premium on shares	Merger ofsetting account	Repurchased shares	Retained earnings	Net profit for the period	attributable to owners of the parent	Non-controlling interests	
<b>Balance at 1 January 2020</b>	<b>1,003,450</b>	<b>(10,406)</b>	<b>4,304</b>	<b>135,013</b>	<b>(39,395)</b>	<b>(14,607)</b>	<b>28,179</b>	<b>7,296</b>	<b>154,442</b>	<b>(20,154)</b>	<b>535,616</b>	<b>365,826</b>	<b>2,149,564</b>	<b>4,546,125</b>	<b>6,695,689</b>
Transfers	-	-	-	-	-	-	6,139	-	-	-	359,687	(365,826)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	891	(91,457)	-	(90,566)	(197,221)	(287,787)
Total comprehensive income	-	-	364	45,058	(37,961)	(2,842)	-	-	-	-	-	444,960	449,579	177,014	626,593
Effect of change in effect rate of the subsidiaries	-	-	-	-	-	-	-	-	-	-	(26,400)	-	(26,400)	(6,800)	(33,200)
Increase (decrease) due to repurchase of shares (*)	-	-	-	-	-	-	-	-	-	10,613	7,326	-	17,939	31,488	49,427
<b>Balance at 31 December 2020</b>	<b>1,003,450</b>	<b>(10,406)</b>	<b>4,668</b>	<b>180,071</b>	<b>(77,356)</b>	<b>(17,449)</b>	<b>34,318</b>	<b>7,296</b>	<b>154,442</b>	<b>(8,650)</b>	<b>784,772</b>	<b>444,960</b>	<b>2,500,116</b>	<b>4,550,606</b>	<b>7,050,722</b>
<b>Balance at 1 January 2021</b>	<b>1,003,450</b>	<b>(10,406)</b>	<b>4,668</b>	<b>180,071</b>	<b>(77,356)</b>	<b>(17,449)</b>	<b>34,318</b>	<b>7,296</b>	<b>154,442</b>	<b>(8,650)</b>	<b>784,772</b>	<b>444,960</b>	<b>2,500,116</b>	<b>4,550,606</b>	<b>7,050,722</b>
Transfers	-	-	-	-	-	-	9,506	-	-	-	435,454	(444,960)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	(145,478)	-	(145,478)	(242,479)	(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
Capital increase in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	213,769	213,769
Effect of change in effect rate of the subsidiaries	-	-	-	-	-	-	-	-	-	-	(14)	-	(14)	(16)	(30)
Increases due to subsidiary acquisition	-	-	-	-	-	-	-	-	-	-	-	-	-	49,478	49,478
Increase (decrease) due to repurchase of shares (*)	-	-	-	-	-	-	-	-	-	1,165	4,448	-	5,613	2,825	8,438
<b>Balance at 31 December 2021</b>	<b>1,003,450</b>	<b>(10,406)</b>	<b>2,847</b>	<b>355,708</b>	<b>(416,529)</b>	<b>(28,491)</b>	<b>43,824</b>	<b>7,296</b>	<b>154,442</b>	<b>(7,485)</b>	<b>1,079,182</b>	<b>1,216,763</b>	<b>3,400,601</b>	<b>5,855,550</b>	<b>9,256,151</b>

(\*) Transactions regarding the repurchase of shares by held Aksa and Akiş.

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

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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.)

		Audited	Audited
	Note	1 January -	1 January -
	references	31 December 2021	31 December 2020
<b>Net profit (loss) for the period</b>		<b>2,716,638</b>	<b>583,533</b>
<b>Adjustments:</b>			
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
<b>Cash flows from operating activities before changes in assets and liabilities</b>		<b>4,588,882</b>	<b>2,077,382</b>
<b>Changes in assets and liabilities</b>			
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)
<b>Cash flows from operating activities</b>		<b>4,400,813</b>	<b>1,552,642</b>

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

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 1 January - 31 December 2021	Audited 1 January - 31 December 2020
<b>Investing activities</b>			
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)
<b>Cash (inflows)/outflows from investing activities</b>		<b>(1,325,399)</b>	<b>(697,475)</b>
<b>Financing activities</b>			
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
<b>Cash inflows/outflows from financing activities</b>		<b>(763,445)</b>	<b>(526,225)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,311,969</b>	<b>328,942</b>
<b>Net change in restricted cash</b>	5	<b>(21,513)</b>	<b>18,794</b>
<b>Cash and cash equivalents at the beginning of the period</b>	5	<b>1,655,862</b>	<b>1,308,126</b>
<b>Cash and cash equivalents at the end of the period</b>	5	<b>3,946,318</b>	<b>1,655,862</b>

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

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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### 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, NDC Holding Anonim Şirketi, and Atlantik Holding Anonim Şirketi, which are being controlled by Dinçök 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 3<sup>rd</sup> 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 HOLDİNG ANONİM ŞİRKETİ

## 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 (Continued)

#### 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 HOLDİNG ANONİM ŞİRKETİ

## 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 (Continued)

#### 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 HOLDİNG ANONİM ŞİRKETİ

## 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 (Continued)

#### *Financial investments*

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

<b>Financial investments</b>	<b>Country of incorporation</b>	<b>Nature of business</b>
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.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

#### 2.2 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 Dinçök 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 Dinçök 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.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

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

#### 2.2 Principles of consolidation (Continued)

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)				Effective interest (%) (3)	
	31 December 2021	31 December 2020	Total voting power held (%)		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
<i>Akcoat İleri Kimyasal Kaplama Malzemeleri</i>								
<i>Sanayii ve Ticaret Anonim Şirketi</i>	100.00	100.00	-	-	100.00	100.00	42.00	42.00
<i>Akcoat Recubrimientos Químicos Especializados, S.L.U.</i>	100.00	100.00	-	-	100.00	100.00	42.00	42.00
<i>Akcoat Recubrimientos Químicos Especializados S. de R.L. de C.V</i>	100.00	100.00	-	-	100.00	100.00	42.00	42.00
<i>Akcoat USA Inc.</i>	100.00	100.00	-	-	100.00	100.00	42.00	42.00
<i>Akkim Silikon Kimya Sanayi ve Ticaret A.Ş. (4)</i>	65.00	-	-	-	65.00	-	27.30	0.00
<i>Dinox Handels GmbH</i>	100.00	100.00	-	-	100.00	100.00	42.00	42.00
Tasfiye Halinde Akmeltem Poliüretan 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 Akriklik Kimya Sanayi Anonim Şirketi	39.59	39.59	19.74	18.82	59.33	58.41	39.59	39.59
<i>Aksa Egypt Acrylic Fiber Industries SAE</i>	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
Zeytinliada 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	-
<i>Akiş Gayrimenkul Yatırım Ortaklığı Anonim Şirketi</i>	14.66	14.66	37.59	38.26	52.25	52.92	14.66	14.66
<i>Aksu Real Estate E.A.D.</i>	100.00	100.00	-	-	100.00	100.00	14.66	14.66
<i>Akyaşam Yönetim Hizmetleri Anonim Şirketi</i>	100.00	100.00	-	-	100.00	100.00	14.66	14.66
<i>Akasya Çocuk Dünyası Anonim Şirketi</i>	100.00	100.00	-	-	100.00	100.00	14.66	14.66
<i>Karlutepe Gayrimenkul Geliştirme ve Yatırım ve Anonim Şirketi</i>	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%.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

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

#### 2.2 Principles of consolidation (Continued)

- 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:

Joint Ventures	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	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
<i>Akenerji Elektrik Enerjisi İthalat-İhracat ve Toptan Ticaret Anonim Şirketi</i>	<i>100.00</i>	<i>100.00</i>	-	-	<i>100.00</i>	<i>100.00</i>	<i>20.43</i>	<i>20.43</i>
<i>Ak-El Kemah Elektrik Üretim Anonim Şirketi</i>	<i>100.00</i>	<i>100.00</i>	-	-	<i>100.00</i>	<i>100.00</i>	<i>20.43</i>	<i>20.43</i>
<i>Akenerji Doğalgaz İthalat İhracat ve Toptan Ticaret Anonim Şirketi</i>	<i>100.00</i>	<i>100.00</i>	-	-	<i>100.00</i>	<i>100.00</i>	<i>20.43</i>	<i>20.43</i>
<i>Akel Sungurlu Elektrik Üretim A.Ş. (Akel Sungurlu)</i>	<i>100.00</i>	-	-	-	<i>100.00</i>	-	-	-
Akcez Enerji Yatırımları Sanayi ve Ticaret Anonim Şirketi	50.00	50.00	-	-	50.00	50.00	50.00	50.00
<i>Sakarya Elektrik Dağıtım Anonim Şirketi</i>	<i>100.00</i>	<i>100.00</i>	-	-	<i>100.00</i>	<i>100.00</i>	<i>50.00</i>	<i>50.00</i>
<i>Sakarya Elektrik Perakende Satış Anonim Şirketi</i>	<i>100.00</i>	<i>100.00</i>	-	-	<i>100.00</i>	<i>100.00</i>	<i>50.00</i>	<i>50.00</i>
<i>Sepaş Akıllı Çözümler A.Ş.</i>	<i>100.00</i>	-	-	-	<i>100.00</i>	-	<i>50.00</i>	-
Dowaksa Advanced Composites Holding B.V	50.00	50.00	-	-	50.00	50.00	19.79	19.79
<i>DowAksa İleri Kompozit Malzemeler Sanayi Ltd. Şirketi</i>	<i>100.00</i>	<i>100.00</i>	-	-	<i>100.00</i>	<i>100.00</i>	<i>19.79</i>	<i>19.79</i>
<i>DowAksa Switzerland GmbH.</i>	<i>100.00</i>	<i>100.00</i>	-	-	<i>100.00</i>	<i>100.00</i>	<i>19.79</i>	<i>19.79</i>
<i>DowAksa USA LLC</i>	<i>100.00</i>	<i>100.00</i>	-	-	<i>100.00</i>	<i>100.00</i>	<i>19.79</i>	<i>19.79</i>
<i>DowAksa Deutschland GmbH.</i>	<i>100.00</i>	<i>100.00</i>	-	-	<i>100.00</i>	<i>100.00</i>	<i>19.79</i>	<i>19.79</i>
<i>DowAksa Rus LLC</i>	<i>100.00</i>	-	-	-	<i>100.00</i>	-	<i>19.79</i>	-
Akiş - Mudanya Adi Ortaklığı	50.00	50.00	-	-	50.00	50.00	7.33	7.33
WMGLondon 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.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

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

#### 2.2 Principles of consolidation (Continued)

- 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:

Associates	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

- 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).

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

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

**2.3 The new standards, amendments and interpretations (Continued)**

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

- **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.

## AKKÖK HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

##### 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.

##### 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.



## AKKÖK HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 3.2 Related parties (Continued)

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 of 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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**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3.3 Financial assets (Continued)**

*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.

## AKKÖK HOLDİNG ANONİM ŞİRKETİ

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#### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 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.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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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**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

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.

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#### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 3.9 Revenue recognition (Continued)

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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#### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 3.12 Provision for employee termination benefits (Continued)

###### *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.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 3.13 Current and deferred tax (Continued)

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).

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.



## AKKÖK HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 3.13 Current and deferred tax (Continued)

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.

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.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.16 Contingent assets and liabilities (Continued)

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).

#### 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.

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**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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:

*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).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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).

**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.

## AKKÖK HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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#### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 3.23 Leases (Continued)

###### *Lease liabilities (Continued)*

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.

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).

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 4 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

#### 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).

#### 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
<b>Total</b>	<b>3,994,741</b>	<b>1,684,093</b>

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)
<b>Cash and cash equivalents</b>	<b>3,946,318</b>	<b>1,655,862</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)

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
<b>Total</b>	<b>3,854,402</b>		<b>1,598,792</b>	

### 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
<b>Current financial investments</b>	<b>645,856</b>	<b>581,592</b>
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
<b>Non-current financial investments</b>	<b>162,884</b>	<b>73,405</b>
<b>Total</b>	<b>808,740</b>	<b>654,997</b>

(\*) 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.

#### 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
<b>Total</b>		<b>5,854</b>		<b>9,466</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### NOTE 6 - FINANCIAL INVESTMENTS (Continued)

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

#### 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
<b>Total</b>	<b>226</b>	<b>226</b>

### 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 (*)	-	-
<b>Total</b>	<b>1,323,755</b>	<b>948,331</b>

(\*) 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.

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

	2021	2020
<b>1 January</b>	<b>948,331</b>	<b>735,700</b>
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)
<b>31 December</b>	<b>1,323,755</b>	<b>948,331</b>



**AKKÖK HOLDİNG ANONİM ŞİRKETİ****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 7 - INVESTMENTS ACCOUNTED USING THE EQUITY METHOD (Continued)**

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

<b>31 December 2021</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Revenue</b>	<b>Net profit/(loss) for the period</b>
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)

  

<b>31 December 2020</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Revenue</b>	<b>Net profit/(loss) for the period</b>
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).

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

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

  

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

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### 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
<b>Total</b>	<b>92,612</b>	<b>75,074</b>

#### b) Non-current other receivables from related parties

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

#### 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
Diğer	6,666	4,424
<b>Total</b>	<b>55,373</b>	<b>82,283</b>

#### 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
Diğer (***)	-	1,316
<b>Total</b>	<b>30,590</b>	<b>8,562</b>

(\*) 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.

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**NOTE 8 - RELATED PARTY DISCLOSURES (Continued)****e) Sales to related parties**

	<b>1 January - 31 December 2021</b>	<b>1 January - 31 December 2020</b>
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
<b>Total</b>	<b>232,552</b>	<b>168,773</b>

**f) Service and product purchases from related parties**

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

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**

	<b>1 January - 31 December 2021</b>	<b>1 January - 31 December 2020</b>
Akiş Mudanya Adi Ortaklığı	3,617	1,796
<b>Toplam</b>	<b>3,617</b>	<b>1,796</b>

## AKKÖK HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### NOTE 8 - RELATED PARTY DISCLOSURES (Continued)

##### 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
<b>Total</b>	<b>25,259</b>	<b>20,768</b>

##### 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).

**AKKÖK HOLDİNG ANONİM ŞİRKETİ****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 9 - TRADE RECEIVABLES AND PAYABLES****a) Trade receivables from third parties**

	<b>31 December 2021</b>	<b>31 December 2020</b>
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)
<b>Subtotal</b>	<b>3,150,305</b>	<b>1,665,675</b>
Trade receivables from related parties (Note 8)	92,612	75,074
<b>Total</b>	<b>3,242,917</b>	<b>1,740,749</b>

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.

**b) Long-term trade receivables**

	<b>31 December 2021</b>	<b>31 December 2020</b>
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)
<b>Total</b>	<b>141,461</b>	<b>101,637</b>

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

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

**AKKÖK HOLDİNG ANONİM ŞİRKETİ****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 9 - TRADE RECEIVABLES AND PAYABLES (Continued)****c) Short-term trade payables**

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

**h) Long-term trade payables**

	<b>31 December 2021</b>	<b>31 December 2020</b>
Suppliers	5,409	4,739
<b>Total</b>	<b>5,409</b>	<b>4,739</b>

**NOTE 10 - INVENTORIES**

	<b>31 December 2021</b>	<b>31 December 2020</b>
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)
<b>Total</b>	<b>2,586,036</b>	<b>1,414,336</b>

(\*) The provision for inventory impairment consists of the first item, materials and products (31 December 2020: The cost of Çiftedavuzlar 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).

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

**AKKÖK HOLDİNG ANONİM ŞİRKETİ**

**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 11 - PREPAID EXPENSES AND DEFERRED INCOME**

	31 December 2021	31 December 2020
<b>Current prepaid expenses:</b>		
Advances given	197,654	47,765
Prepaid expenses	36,886	25,245
<b>Total</b>	<b>234,540</b>	<b>73,010</b>
<b>Non-current prepaid expenses:</b>		
Advances given	101,900	49,908
Prepaid expenses	19,338	20,667
<b>Total</b>	<b>121,238</b>	<b>70,575</b>
	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Short-term deferred income:</b>		
Advances received	544,039	196,755
Deferred income	199,237	50,241
<b>Total</b>	<b>743,276</b>	<b>246,996</b>
<b>Long-term deferred income:</b>		
Advances received	3,052	2,925
Deferred income for the year	1,353	-
<b>Total</b>	<b>4,405</b>	<b>2,925</b>

**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
<b>Net book value</b>	<b>5,444,391</b>	<b>10,830</b>	<b>(41,014)</b>	<b>300,877</b>	<b>1,229</b>	<b>1,390,452</b>	<b>7,106,765</b>

(\*) 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.

## AKKÖK HOLDİNG ANONİM ŞİRKETİ

### 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 12 - INVESTMENT PROPERTIES (Continued)

	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
<b>Net book value</b>	<b>5,550,758</b>	<b>98,914</b>	<b>(4,266)</b>	<b>(90,391)</b>	<b>484</b>	<b>(111,108)</b>	<b>5,444,391</b>

	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		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
<b>Total</b>			<b>7,106,765</b>	<b>5,444,391</b>

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).



# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31 DECEMBER 2021

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

### 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
<b>Cost</b>							
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
Leasehold improvements	13,673	3,185	-	-	2,475	-	19,333
Construction in progress (**)	395,931	852,757	(19)	(990,058)	3,903	1,493	264,007
<b>Total</b>	<b>3,827,267</b>	<b>924,731</b>	<b>(35,322)</b>	<b>74,802</b>	<b>243,587</b>	<b>48,047</b>	<b>5,083,112</b>
<b>Accumulated depreciation</b>							
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
<b>Total</b>	<b>1,627,452</b>	<b>212,323</b>	<b>(30,041)</b>	<b>(2,266)</b>	<b>40,135</b>	<b>26,441</b>	<b>1,874,044</b>
<b>Net book value</b>	<b>2,199,815</b>						<b>3,209,068</b>

(\*) 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 Aksa, 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.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31 DECEMBER 2021

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

### NOT 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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
<b>Cost</b>						
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
<b>Total</b>	<b>3,482,324</b>	<b>474,773</b>	<b>(59,281)</b>	<b>(84,866)</b>	<b>14,317</b>	<b>3,827,267</b>
<b>Accumulated depreciation</b>						
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
<b>Total</b>	<b>1,488,347</b>	<b>184,302</b>	<b>(48,423)</b>	<b>(4,009)</b>	<b>7,235</b>	<b>1,627,452</b>
<b>Net book value</b>	<b>1,993,977</b>					<b>2,199,815</b>

(\*) 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 Aksa, and investments with respect to ultra filtration and Yalova persulfates facilities of Akkim.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 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
<b>Cost</b>							
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
<b>Total</b>	<b>398,724</b>	<b>43,661</b>	<b>(2,279)</b>	<b>30,268</b>	<b>146,839</b>	<b>38,029</b>	<b>655,242</b>
<b>Accumulated amortisation</b>							
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
<b>Total</b>	<b>172,416</b>	<b>51,552</b>	<b>(1,696)</b>	<b>-</b>	<b>65</b>	<b>20,953</b>	<b>243,290</b>
<b>Net Book Value</b>	<b>226,308</b>						<b>411,952</b>

	1 January 2020	Additions	Disposals	Transfers (*)	Acquisitions (**)	Currency translation differences	31 December 2020
<b>Cost</b>							
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
<b>Toplam</b>	<b>354,826</b>	<b>20,906</b>	<b>(4,200)</b>	<b>13,360</b>	<b>13,832</b>		<b>398,724</b>
<b>Accumulated amortisation</b>							
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
<b>Toplam</b>	<b>134,620</b>	<b>32,680</b>	<b>(691)</b>	<b>(312)</b>	<b>6,119</b>		<b>172,416</b>
<b>Net Book Value</b>	<b>220,206</b>						<b>226,308</b>

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

(\*\*) Please refer to Note 16.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 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
<b>Cost</b>						
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
	<b>98,354</b>	<b>27,452</b>	<b>(8,487)</b>	<b>-</b>	<b>1,498</b>	<b>118,817</b>
<b>Accumulated depreciation</b>						
Vehicles	19,322	17,652	(6,997)	-	-	29,977
Site rent	1,312	911	-	-	-	2,223
Buildings	8,471	6,097	(187)	-	-	14,381
	<b>29,105</b>	<b>24,660</b>	<b>(7,184)</b>	<b>-</b>	<b>-</b>	<b>46,581</b>
<b>Net book value</b>	<b>69,249</b>					<b>72,236</b>
	1 January 2020	Additions	Disposals	Transfers	Rental condition changes	31 December 2020
<b>Cost</b>						
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
	<b>56,855</b>	<b>47,885</b>	<b>(7,641)</b>	<b>(276)</b>	<b>1,531</b>	<b>98,354</b>
<b>Accumulated depreciation</b>						
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
	<b>14,436</b>	<b>19,845</b>	<b>(4,992)</b>	<b>(193)</b>	<b>9</b>	<b>29,105</b>
<b>Net book value</b>	<b>42,419</b>					<b>69,249</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 16 - GOODWILL

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

31 December 2021	Akcoat	Dinox	USK			Total
			Kimya	Epsilon	Other	
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
<b>Goodwill</b>	<b>50,709</b>	<b>11,062</b>	<b>90,176</b>	<b>32,956</b>	<b>1,008</b>	<b>185,911</b>

31 December 2020	Akcoat	Dinox	USK			Total
			Kimya	Epsilon	Other	
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
<b>Goodwill</b>	<b>50,709</b>	<b>6,604</b>	<b>-</b>	<b>-</b>	<b>887</b>	<b>58,200</b>

(\*) 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:

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

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

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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### NOTE 16 – GOODWILL (Continued)

#### 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 Dincox 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, Dincox, 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.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 16 – GOODWILL (Continued)

#### USK Kimya purchase (Continued)

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:

	<b>1 March 2021</b>
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)
<b>Fair value of total identifiable net assets (100%)</b>	<b>419,162</b>
	<b>1 Mart 2021</b>
Total amount - cash	509,338
Cash and cash equivalents - purchased	(26,831)
<b>Cash outflow due to purchase (net)</b>	<b>482,507</b>

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.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 16 – GOODWILL (Continued)

#### 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:

	<b>30 September 2021</b>
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)
<b>Fair value of total identifiable net assets (100%)</b>	<b>55,097</b>
Identifiable net assets pertaining to the Group's share fair value (10.2%)	5,620
Paid amount (*)	38,576
<b>Goodwill</b>	<b>32,956</b>

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

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

(\*) 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.



# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 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
<b>Total</b>	<b>25,214</b>	<b>21,439</b>

#### Contingent assets and liabilities:

##### a) *Guarantees received*

Mortgages, guarantee notes and cheques, letters of guarantee and other commitments received for short-term 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
<b>Total</b>	<b>3,200,075</b>	<b>1,855,263</b>

##### 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
<b>Total</b>	<b>9,193,174</b>	<b>4,557,224</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

#### 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
<b>Short term:</b>		
Provision for bonuses	82,024	56,347
Unused vacation provision	13,604	8,834
<b>Total</b>	<b>95,628</b>	<b>65,181</b>
<b>Long term:</b>		
Provision for employment termination benefits	108,868	68,147
Provision for seniority incentive plan	1,845	2,443
<b>Total</b>	<b>110,713</b>	<b>70,590</b>

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
<b>1 January</b>	<b>56,347</b>	<b>28,798</b>
Current period charges	64,283	56,281
Bonus premiums paid	(38,606)	(28,732)
<b>31 December</b>	<b>82,024</b>	<b>56,347</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 18 - EMPLOYEE BENEFITS (Continued)

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

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
<b>1 January</b>	<b>70,590</b>	<b>56,592</b>
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)
<b>31 December</b>	<b>110,713</b>	<b>70,590</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 19 - OTHER ASSETS AND LIABILITIES

	31 December 2021	31 December 2020
<b>Other current assets:</b>		
VAT receivable	395,947	154,472
Income accruals	3,234	7,330
Other	3,015	2,643
<b>Total</b>	<b>402,196</b>	<b>164,445</b>
<b>Other non-current assets:</b>		
VAT receivable	3,328	2,488
Other	159	662
<b>Total</b>	<b>3,487</b>	<b>3,150</b>
	31 December 2021	31 December 2020
<b>Other current liabilities:</b>		
Expense accruals	14,681	56
Taxes and fund payables	4,230	463
<b>Total</b>	<b>18,911</b>	<b>519</b>
<b>Other non-current liabilities:</b>		
Deposits and guarantees received	30,210	18,034
<b>Total</b>	<b>30,210</b>	<b>18,034</b>

### NOTE 20 – ASSETS HELD FOR SALE

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

(\*) Assets held for sale as of report date Akso 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 Istanbul 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.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 21 – BORROWINGS

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

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
<b>Short-term bank borrowings:</b>				
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
<b>Total</b>		<b>3,848,380</b>		<b>1,653,451</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 21 – BORROWINGS (Continued)

The details of borrowings of the Group are as follows (Continued):

	31 December 2021		31 December 2020	
	Annual weighted average interest rate %	TRY equivalent	Annual weighted average interest rate %	TRY equivalent
<b>Short term portion of long-term bank borrowings:</b>				
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
<b>Total</b>		<b>1,720,864</b>		<b>731,933</b>
<b>Long-term bank borrowings:</b>				
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
<b>Total</b>		<b>4,036,247</b>		<b>3,829,102</b>

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

	2021	2020
<b>1 January</b>	<b>6,214,486</b>	<b>5,293,222</b>
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)
<b>31 December</b>	<b>9,605,491</b>	<b>6,214,486</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 21 - BORROWINGS (Continued)

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
<b>Total</b>	<b>9,650,749</b>	<b>9,509,281</b>	<b>6,310,651</b>	<b>6,135,361</b>

(\*) 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
<b>Total</b>	<b>9,605,491</b>	<b>6,214,486</b>

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
<b>Toplam</b>	<b>121,400</b>	<b>7,143</b>	<b>26,143</b>	<b>136,580</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 22 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

#### Derivatives as hedging instruments:

	31 December 2021		31 December 2020	
	<u>Contract amount</u>	<u>Fair value liabilities</u>	<u>Contract amount</u>	<u>Fair value liabilities</u>
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)
<b>Toplam</b>	<b>149,009</b>	<b>82,773</b>	<b>1,302,410</b>	<b>(113,219)</b>

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.



# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 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
NDC Holding Anonim Şirketi	33	334,482	33	334,482
Other	1	2	1	2
<b>Nominal capital</b>	<b>100</b>	<b>1,003,450</b>	<b>100</b>	<b>1,003,450</b>
Adjustment to share capital	-	(10,406)	-	(10,406)
<b>Total</b>	<b>100</b>	<b>993,044</b>	<b>100</b>	<b>993,044</b>

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
<b>Total</b>	<b>660,431</b>	<b>456,366</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 23 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

#### *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:

<b>31 December 2021</b>	<b>Ownership of non-controlling interest (%)</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Revenue</b>	<b>Net profit/loss for the year</b>
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
<b>Total</b>		<b>22,105,832</b>	<b>13,984,879</b>	<b>12,377,911</b>	<b>2,402,292</b>

<b>31 December 2020</b>	<b>Ownership of non-controlling interest (%)</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Revenue</b>	<b>Net profit/loss for the year</b>
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
<b>Total</b>		<b>13,657,764</b>	<b>7,395,223</b>	<b>6,341,274</b>	<b>431,843</b>

### NOTE 24 - REVENUE AND COST OF SALES

#### a) Revenue

	<b>1 January - 31 December 2021</b>	<b>1 January - 31 December 2020</b>
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)
<b>Revenue, net</b>	<b>12,154,893</b>	<b>6,179,380</b>

#### b) Cost of sales

	<b>1 January - 31 December 2021</b>	<b>1 January - 31 December 2020</b>
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
<b>Total</b>	<b>8,636,877</b>	<b>4,325,231</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 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
<b>Total</b>	<b>301,305</b>	<b>208,104</b>

#### 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
<b>Total</b>	<b>287,857</b>	<b>160,171</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 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
<b>Total</b>	<b>2,108,834</b>	<b>690,074</b>

#### 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
<b>Total</b>	<b>2,117,091</b>	<b>647,265</b>

### 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
<b>Total</b>	<b>1,567,219</b>	<b>114,492</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 27 - INCOME AND EXPENSE FROM INVESTING ACTIVITIES (Continued)

#### 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
<b>Total</b>	<b>21</b>	<b>166,937</b>

### 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
<b>Total</b>	<b>9,282,016</b>	<b>4,731,676</b>

(\*) 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.

Personnel expenses	1 January - 31 December 2021	1 January - 31 December 2020
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
<b>Total</b>	<b>563,568</b>	<b>454,662</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 29 - FINANCIAL INCOME AND EXPENSES

<b>Financial income:</b>	<b>1 January - 31 December 2021</b>	<b>1 January - 31 December 2020</b>
Foreign exchange gain	2,040,508	1,083,659
Gain from derivative financial instruments	203,146	26,900
Interest income	96,265	70,659
<b>Total</b>	<b>2,339,919</b>	<b>1,181,218</b>
<b>Financial expenses:</b>	<b>1 January - 31 December 2021</b>	<b>1 January - 31 December 2020</b>
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
<b>Total</b>	<b>3,826,815</b>	<b>2,059,915</b>
<b>Financial expenses, net</b>	<b>1,486,896</b>	<b>878,697</b>

### NOTE 30 - TAXES ON INCOME

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

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

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

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 30 - TAXES ON INCOME (Continued)

#### 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)
<b>Deferred tax liabilities, net</b>			<b>151,981</b>	<b>11,126</b>

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
<b>1 January</b>	<b>11,126</b>	<b>(24,877)</b>
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)
<b>31 December</b>	<b>151,981</b>	<b>11,126</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 30 - TAXES ON INCOME (Continued)

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
<b>Current tax expense of the Group</b>	<b>(228,160)</b>	<b>(83,319)</b>

(\*) Tax losses for which no deferred tax assets was recognized arise from the fact that Akiş 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	-
<b>Total</b>	<b>463</b>	<b>503</b>



# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 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)
<b>Net balance sheet position</b>	<b>(5,683,075)</b>	<b>(2,409,242)</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 31 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

	31 December 2021			Total
	USD	EUR	Other Currencies	
<b>Assets:</b>				
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
<b>Total assets</b>	<b>4,821,835</b>	<b>1,261,895</b>	<b>114,251</b>	<b>6,197,981</b>
<b>Liabilities:</b>				
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
<b>Total liabilities</b>	<b>9,954,038</b>	<b>1,923,624</b>	<b>3,394</b>	<b>11,881,056</b>
<b>Net foreign currency position</b>	<b>(5,132,203)</b>	<b>(661,729)</b>	<b>110,857</b>	<b>(5,683,075)</b>

	31 December 2020			Total
	USD	EUR	Other Currencies	
<b>Assets:</b>				
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
<b>Total assets</b>	<b>2,446,150</b>	<b>762,223</b>	<b>38,592</b>	<b>3,246,965</b>
<b>Liabilities:</b>				
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
<b>Total liabilities</b>	<b>4,658,094</b>	<b>996,826</b>	<b>1,287</b>	<b>5,656,207</b>
<b>Net foreign currency position</b>	<b>(2,211,944)</b>	<b>(234,603)</b>	<b>37,305</b>	<b>(2,409,242)</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 31 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

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:

	Foreign currency appreciation	Foreign currency devaluation
<b>31 December 2021</b>		
<b>Change of USD against TRY by 10%</b>		
USD net assets/liabilities	(513,220)	513,220
Hedging amount of USD	95,333	(95,333)
<b>USD net effect - income/expense</b>	<b>(417,887)</b>	<b>417,887</b>
<b>Change of EUR against TRY by 10%</b>		
EUR net assets/liabilities	(66,173)	66,173
Hedging amount of EUR	34,562	(34,562)
<b>Euro net effect - income/expense</b>	<b>(31,611)</b>	<b>31,611</b>
	Foreign currency appreciation	Foreign currency devaluation
<b>31 December 2020</b>		
<b>Change of USD against TRY by 10%</b>		
USD net assets/liabilities	(221,194)	221,194
Hedging amount of USD	55,954	(55,954)
<b>USD net effect - income/expense</b>	<b>(165,240)</b>	<b>165,240</b>
<b>Change of EUR against TRY by 10%</b>		
EUR net assets/liabilities	(23,460)	23,460
Hedging amount of EUR	12,925	(12,925)
<b>Euro net effect - income/expense</b>	<b>(10,535)</b>	<b>10,535</b>

#### 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.

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.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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### NOTE 31 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

#### 31.2 Interest rate risk (Continued)

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
<b>Total</b>	<b>463,341</b>	<b>274,915</b>

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### NOTE 31 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

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

	Trade and other receivables		Bank deposits	Stock, fund and bond	Derivative financial assets
	Related party	Other			
<b>31 December 2021</b>					
<b>Maximum credit risk exposure as of the reporting date (A+B+C+D)</b>	<b>111,771</b>	<b>3,354,384</b>	<b>3,992,436</b>	<b>793,180</b>	<b>121,400</b>
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	-	-	-	-	-
	Trade and other receivables		Bank deposits	Stock, fund and bond	Derivative financial assets
	Related party	Other			
<b>31 December 2020</b>					
<b>Maximum credit risk exposure as of the reporting date (A+B+C+D)</b>	<b>92,877</b>	<b>1,780,486</b>	<b>1,682,633</b>	<b>385,722</b>	<b>26,723</b>
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	-	-	-	-	-

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 31 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

#### 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	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)
<b>Contractual maturities</b>						
<b>Non-derivate financial liabilities</b>						
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	-	-
<b>Total</b>	<b>13,749,082</b>	<b>15,289,366</b>	<b>5,138,975</b>	<b>4,963,729</b>	<b>4,487,823</b>	<b>698,839</b>

31 December 2020	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)
<b>Contractual maturities</b>						
<b>Non-derivate financial liabilities</b>						
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	-	-
<b>Total</b>	<b>7,419,431</b>	<b>7,888,851</b>	<b>2,176,328</b>	<b>1,480,654</b>	<b>3,598,571</b>	<b>633,299</b>

#### 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.

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 31 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

#### 31.5 Capital risk management (Continued)

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)
<b>Net debt</b>	<b>9,108,485</b>	<b>5,153,746</b>
Total shareholders' equity	9,256,151	7,050,722
<b>Total equity</b>	<b>18,364,636</b>	<b>12,204,468</b>
<b>Gearing ratio (%)</b>	<b>50</b>	<b>42</b>

#### 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.

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).

# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 31 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

#### 31.6 Fair value of financial instruments (Continued)

##### *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.

<b>31 December 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
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	-
<b>Total assets</b>	<b>5,854</b>	<b>121,400</b>	<b>226</b>

  

<b>31 December 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
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	-
<b>Total assets</b>	<b>9,466</b>	<b>26,143</b>	<b>226</b>

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.



# AKKÖK HOLDİNG ANONİM ŞİRKETİ

## 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 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:

	<b>2021</b>	<b>2020</b>
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
	<b>4,295</b>	<b>3,585</b>

(\*) The fees above have been determined by including the legal audit and other related service fees of all subsidiaries and joint ventures, and the 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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