KİMTEKS POLİÜRETAN SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES

Financial statements as of 31 December 2021,
31 December 2020 and 31 December 2019 and
special independent auditor's report

(Convenience translation of special independent auditor's report and the financial statements originally issued in Turkish)

Deloitte.

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(CONVENIENCE TRANSLATION OF SPECIAL INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

SPECIAL INDEPENDENT AUDITOR'S REPORT

To the General Assembly of
Kimteks Poliüretan Sanayi ve Ticaret A.Ş.

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the financial statements of Kimteks Poliüretan Sanayi ve Ticaret A.Ş. ("the Company") and its subsidiaries ("Group"), which comprise the consolidated statement of financial position as at 31 December 2021, statements of financial position as at 31 December 2020 and 31 December 2019, the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period ended 31 December 2021, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the periods ended 31 December 2020 and 31 December 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2021, its financial position as of 31 December 2020 and 31 December 2019, its consolidated financial performance and consolidated cash flows for the period ended 31 December 2021, and its financial performance and cash flows for the periods ended 31 December 2020 and 31 December 2019 in accordance with Turkish Financial Reporting Standards ("TFRS").

2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by Capital Markets Board and the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) published by the POA, together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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3) Key Audit Matters

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

Key Audit Matter	How the matter was addressed in the audit
Revenue recognition in financial statements Revenue is an important matter for our audit as it is an important financial statement item in terms of profit or loss for the periods ending on 31 December 2021, 31 December 2020 and 31 December 2019. Accordingly, considering the materiality of the revenue within the overall financial statements, recognizing the revenue at the correct amount has been determined as a key audit matter. Explanations on the Group's accounting policies and revenue amounts are in Notes 2 and 17.	During our audit, the following audit procedures were applied for the recognition of revenue: • Understanding sales processes and evaluating the design and implementation of controls for these processes, • Evaluating the suitability of the Group's accounting policy for revenue recognition, • Performing tests with sampling method regarding the accuracy of customer invoices, • Performing tests that sales are recorded in the correct period, • The amount of revenue for the period has been analyzed analytically and the adequacy of the explanations in the financial statements has been evaluated, • The adequacy of the disclosures in note 17 has been assessed within the scope of TFRS.

4) Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

5) Auditor's Responsibilities for the Audit of the Financial Statements

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

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

As part of an audit in accordance with the standards on auditing issued by Capital Markets Board and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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5) **Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)**

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Company's set of accounts and financial statements prepared for the period 1 January - 31 December 2021 does not comply with the TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of the TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Volkan Becerik.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Volkan Becerik
Partner

İstanbul, 22 February 2022

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KİMTEKS POLİÜRETAN SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION
AS OF 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

	Notes	Current Period Audited 31 December 2021	Prior Period Audited 31 December 2020	Prior Period Audited 31 December 2019
ASSETS				
Current Assets		**2,071,253,090**	**965,595,205**	**485,784,984**
Cash and Cash Equivalents	29	522,234,256	281,177,515	53,233,548
Financial Investments	25	31,337,870	46,210,666	-
Trade Receivables	5	1,065,391,205	477,290,556	308,951,989
Trade Receivables from Related Parties	*4*	*5,094,156*	*4,926,262*	*7,456,295*
Trade Receivables from Third Parties		*1,060,297,049*	*472,364,294*	*301,495,694*
Other Receivables	6	6,817,745	8,773,572	4,424,014
Other Receivables from Related Parties	*4*	*3,895,777*	*7,789,054*	*2,974,502*
Other Receivables from Third Parties		*2,921,968*	*984,518*	*1,449,512*
Derivative Instruments	25	3,749,135	-	-
Inventories	7	360,185,736	119,127,696	97,932,692
Prepaid Expenses	8	37,015,421	9,720,108	2,231,129
Other Current Assets	14	44,521,722	23,295,092	19,011,612
Non-current Assets		**137,100,682**	**99,868,424**	**87,952,747**
Financial Investments	25	228,300	228,300	228,300
Trade Receivables	5	-	10,503,191	2,223,850
Trade Receivables from Third parties		-	*10,503,191*	*2,223,850*
Investments Accounted by Equity Method	3	-	24,538	965,562
Property, Plant and Equipment	9	108,016,454	68,795,278	71,223,694
Intangible Assets	10	26,010,293	16,655,263	9,281,119
Right-of-Use Assets	15	2,780,727	3,661,854	4,018,201
Prepaid Expenses	8	64,908	-	12,021
TOTAL ASSETS		**2,208,353,772**	**1,065,463,629**	**573,737,731**

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

KİMTEKS POLİÜRETAN SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION
AS OF 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

	Notes	Current Period Audited 31 December 2021	Prior Period Audited 31 December 2020	Prior Period Audited 31 December 2019
LIABILITIES AND EQUITY				
Current Liabilities		**1,630,105,417**	**777,982,690**	**355,587,277**
Short-term Borrowings	25	1,033,274,121	521,806,605	181,877,616
Liabilities Arising from Leases	15	864,811	1,745,431	1,871,360
Trade Payables	5	439,755,402	205,972,754	148,494,645
Trade Payables to Related Parties	*4*	*971,339*	-	-
Trade Payables to Third Parties		*438,784,063*	*205,972,754*	*148,494,645*
Payables Related to Employee Benefits	13	2,091,462	671,355	608,307
Other Payables	6	165,252	5,108	598,801
Other Payables to Related Parties	*4*	-	-	*556,784*
Other Payables to Third Parties		*165,252*	*5,108*	*42,017*
Derivative Instruments	25	5,725,030	10,051,370	-
Deferred Income	8	49,522,634	24,583,712	13,307,486
Period Profit Tax Liability	23	64,011,163	6,337,245	660,956
Short-term Provisions		31,225,682	6,510,298	7,772,712
Short-Term Provisions Related to Employee Benefits	*13*	*31,225,682*	*6,510,298*	*7,616,295*
Other Short Term Provisions	*11*	-	-	*156,417*
Other Short-Term Liabilities	14	3,469,860	298,812	395,394
Long-Term Liabilities		**11,595,838**	**12,021,960**	**10,209,869**
Liabilities Arising from Leases	15	2,490,818	2,379,489	2,439,288
Trade Payables	5	1,380,608	-	-
Trade Payables to Third Parties		*1,380,608*	-	-
Long-Term Provisions	13	3,605,524	2,811,109	1,935,427
Long-Term Provisions Related to Employee Benefits	*13*	*3,605,524*	*2,811,109*	*1,935,427*
Deferred Tax Liability	23	4,118,888	6,831,362	5,835,154
EQUITY		**566,652,517**	**275,458,979**	**207,940,585**
Equity of the Parent Company		**564,109,134**	**275,458,979**	**207,940,585**
Paid-in Capital	16	110,000,000	110,000,000	110,000,000
Restricted Reserves Appropriated from Profit	16	16,376,384	12,485,043	9,166,139
Items Not to be Reclassified to Profit or Loss				
- Loss on Remeasurement of Defined Benefit Plans	16	*(86,089)*	*(144,442)*	*(109,274)*
- Revaluation and Measurement Gains	16	*55,292,710*	*33,123,954*	*33,123,954*
Prior Years' Profit		66,103,083	39,598,481	19,537,150
Net Profit for the Period		316,423,046	80,395,943	36,222,616
Non-Controlling Interests		**2,543,383**	**-**	**-**
TOTAL LIABILITIES AND EQUITY		**2,208,353,772**	**1,065,463,629**	**573,737,731**

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

KİMTEKS POLİÜRETAN SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2021, 1 JANUARY - 31 DECEMBER 2020 AND 1 JANUARY - 31 DECEMBER 2019

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

	Notes	Current Period Audited 1 January - 31 December 2021	Prior Period Audited 1 January - 31 December 2020	Prior Period Audited 1 January - 31 December 2019
Revenue	17	2,172,688,464	938,761,333	714,998,947
Cost of Sales (-)	17	(1,793,241,157)	(746,872,265)	(600,126,965)
Gross Profit		**379,447,307**	**191,889,068**	**114,871,982**
General Administrative Expenses (-)	18	(37,520,092)	(16,019,264)	(16,800,580)
Marketing Expenses (-)	18	(53,136,879)	(29,358,807)	(22,067,230)
Other Operating Income	19	767,803,599	137,724,464	63,287,380
Other Operating Expenses (-)	19	(519,450,065)	(127,880,843)	(54,974,117)
OPERATING PROFIT		**537,143,870**	**156,354,618**	**84,317,435**
Income from Investing Activities	21	3,153,555	-	-
Shares of Profits/Losses of Investments Valued by Equity Method	3	1,115,290	(941,024)	(1,813,332)
OPERATING PROFIT BEFORE FINANCE EXPENSES		**541,412,715**	**155,413,594**	**82,504,103**
Finance Expenses (-)	20	(134,827,699)	(55,716,868)	(38,433,136)
PROFIT BEFORE TAX		**406,585,016**	**99,696,726**	**44,070,967**
Tax Expense		(90,161,970)	(19,300,783)	(7,848,351)
Current Corporate Tax Expense (-)	23	(91,186,891)	(18,295,783)	(11,923,849)
Deferred Tax Income / (Expense)	23	1,024,921	(1,005,000)	4,075,498
PROFIT FOR THE PERIOD		**316,423,046**	**80,395,943**	**36,222,616**
Earnings per share	24	2.877	0.731	0.329
Distribution of Net Period for the Profit				
Equity Holders of the Parent		316,423,046	80,395,943	36,222,616
		316,423,046	80,395,943	36,222,616
OTHER COMPREHENSIVE INCOME				
Items Not to be Reclassified to Profit or Loss		**22,227,109**	**(35,168)**	**(44,703)**
Revaluation and Measurement Gains	16	20,466,614	-	-
Gain / (Loss) on Remeasurement of Defined Benefit Plans	16	72,942	(43,960)	(55,879)
Tax Effect	16.23	1,687,553	8,792	11,176
OTHER COMPREHENSIVE INCOME / (EXPENSE)		**22,227,109**	**(35,168)**	**(44,703)**
TOTAL COMPREHENSIVE INCOME		**338,650,155**	**80,360,775**	**36,177,913**
Distribution of Total Comprehensive Income				
Equity Holders of the Parent		338,650,155	80,360,775	36,177,913
		338,650,155	**80,360,775**	**36,177,913**

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

KİMTEKS POLİÜRETAN SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2021, 1 JANUARY - 31 DECEMBER 2020 AND 1 JANUARY - 31 DECEMBER 2019

(All amounts expressed in Turkish Lira (''TL'') unless otherwise stated.)

			Accumulated other comprehensive income or expenses not to be reclassified to profit or loss		Retained earnings				
	Paid-in Capital	Restricted Reserves Appropriated from Profit	Defined Benefit Plans Remeasurement Losses	Revaluation Measurements and Gains	Prior Years' Profit	Net Profit for the Period	Equity Attributable to the Parent	Non-Controlling Interests	Total Equity
PRIOR PERIOD									
Balances as of 1 January 2019	**81,795,144**	**8,610,889**	**(64,571)**	**33,123,954**	**22,102,171**	**18,155,011**	**171,762,672**	**1,557,834**	**173,320,506**
Transfers	28,204,856	555,250	-	-	(2,565,021)	(18,155,011)	-	-	-
Transactions with non-controlling shareholders	-	-	-	-	-	-	-	(1,557,834)	(1,557,834)
Total comprehensive income	-	-	(44,703)	-	-	36,222,616	36,177,913	-	36,177,913
Balances as of 31 December 2019	**110,000,000**	**9,166,139**	**(109,274)**	**33,123,954**	**19,537,150**	**36,222,616**	**207,940,585**	**-**	**207,940,585**
Balances as of 1 January 2020	**110,000,000**	**9,166,139**	**(109,274)**	**33,123,954**	**19,537,150**	**36,222,616**	**207,940,585**	**-**	**207,940,585**
Transfers	-	3,318,904	-	-	32,903,712	(36,222,616)	-	-	-
Dividends paid	-	-	-	-	(12,896,345)	-	(12,896,345)	-	(12,896,345)
Business combinations under common control (*)	-	-	-	-	53,964	-	53,964	-	53,964
Total comprehensive income	-	-	(35,168)	-	-	80,395,943	80,360,775	-	80,360,775
Balances as of 31 December 2019	**110,000,000**	**12,485,043**	**(144,442)**	**33,123,954**	**39,598,481**	**80,395,943**	**275,458,979**	**-**	**275,458,979**
Balances as of 1 January 2021	110,000,000	12,485,043	(144,442)	33,123,954	39,598,481	80,395,943	275,458,979	-	275,458,979
Transfers	-	3,891,341	-	-	76,504,602	(80,395,943)	-	-	-
Dividends paid	-	-	-	-	(50,000,000)	-	(50,000,000)	-	(50,000,000)
Transactions with non-controlling shareholders	-	-	-	-	-	-	-	2,543,383	2,543,383
Total comprehensive income	-	-	58,353	22,168,756	-	316,423,046	338,650,155	-	338,650,155
Balances as of 31 December 2021	**110,000,000**	**16,376,384**	**(86,089)**	**55,292,710**	**66,103,083**	**316,423,046**	**564,109,134**	**2,543,383**	**566,652,517**

(*) The Group, pursuant to the Board of Directors Decision No. 2020/8 taken on 5 October 2020, through dissolution without liquidation pursuant to Articles 136 of the Turkish Commercial Code No. 6102 and articles 19 and 20 of the Corporate Tax Law, has decided to merge with Mizrahi Istanbul Gayrimenkul Anonim Şirketi with all its assets and liabilities tax-free.

KİMTEKS POLİÜRETAN SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2021, 1 JANUARY - 31 DECEMBER 2020 AND 1 JANUARY - 31 DECEMBER 2019

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

	Notes	Current Period Audited 1 January - 31 December 2021	Prior Period Audited 1 January - 31 December 2020	Prior Period Audited 1 January - 31 December 2019
A. Cash Flows Generated from / (Used in) Operating Activities				
Profit for the Period		316,423,046	80,395,943	36,222,616
Adjustments related to Reconciliation of Net Profit/Loss for the Period				
Adjustments Related to Depreciation and Amortization Expenses	9, 10, 15	13,726,052	11,173,148	8,914,382
Adjustments Related to Impairment/Reversal of Inventories	7	175,791	355,013	-
Adjustments Related to Provision for Employment Termination Benefits		20,445,721	7,046,825	7,952,535
Adjustments Related to Sale of Joint Venture Share	21	(3,153,555)	-	-
Adjustments Related to Interest Expenses	20	120,792,774	21,862,228	32,182,464
Adjustments Related to Unrealized Foreign Currency Translation Differences		14,034,925	33,854,640	6,377,204
Adjustments Related to Interest Income	19	(8,973,852)	(8,971,712)	(2,268,608)
Adjustments Related to Retained Profits from Investments Valued by the Equity Method	3	(1,115,290)	941,024	1,813,332
Adjustments Related to Doubtful Trade Receivables	5	8,119,878	2,373,901	2,563,337
Adjustments Related to Tax Expense	23	90,161,970	19,300,783	7,848,351
Adjustments Related to Derivative Instruments	19,25	1,975,895	10,051,370	-
Adjustments Related to Increase / Decrease in Other Provisions	11	-	(156,417)	43,716
Adjustments Related to Maturity Difference Income	19	(14,522,714)	(3,875,856)	(6,863,778)
Adjustments Related to Increase/Decrease in Inventories		(236,551,489)	(21,550,017)	(6,849,062)
Adjustments Related to Increase/Decrease in Trade Receivables		(554,661,304)	(175,115,953)	86,529,548
Adjustments Related to the Increase/Decrease in Other Receivables Related to Operations		(44,122,071)	(16,109,996)	(12,315,812)
Adjustments Related to Increase/Decrease in Trade Payables		218,975,200	57,478,109	83,189,650
Adjustments Related to Increase/Decrease in Other Payables Related to Operations		15,922,434	10,702,963	(27,335,820)
Total Adjustments		**(358,769,635)**	**(50,639,947)**	**181,781,439**
Cash Flows Generated from / (Used in) from Operations		**(42,346,589)**	**29,755,996**	**218,004,055**
Interest Received	19	8,973,852	8,971,712	2,268,608
Tax Payments	23	(33,512,973)	(12,619,494)	(11,262,893)
Payments Related to Provisions for Employee Benefits	13	(5,862,980)	(7,321,100)	(3,789,633)
		(72,748,690)	**18,787,114**	**205,220,137**
B. Cash Flows Generated from / (Used in) Investing Activities				
Cash Inflows from the Sale of Joint Ventures	21	3,000,000	-	-
Cash Inflows from Sales of Property, Plant and Equipment and Intangible Assets	9, 10	71,924	-	-
Cash Outflows from Purchase of Property, Plant and Equipment and Intangible Assets		(29,917,844)	(15,209,976)	(12,918,460)
Cash Outflows Related to Financial Investments		-	(46,210,666)	-
Cash Inflows Related to Financial Investments		14,872,796	-	-
		(11,973,124)	(61,420,642)	(12,918,460)
C. Cash Flows Generated from Financing Activities				
Cash Inflows from Borrowings	25	1,033,274,121	521,806,605	152,720,105
Cash Outflows Related to Payment of Borrowings	25	(538,530,541)	(225,911,563)	(294,503,205)
Cash Outflows for Debt Payments from Lease Agreements		(1,529,429)	(1,501,586)	(1,267,324)
Dividends Paid	16	(50,000,000)	(12,896,345)	-
Interest Paid		(117,435,596)	(10,919,616)	(23,145,453)
		325,778,555	**270,577,495**	**(166,195,877)**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		**241,056,741**	**227,943,967**	**26,105,800**
D. Cash and Cash Equivalents at the Beginning of the Period	29	**281,177,515**	**53,233,548**	**27,127,748**
Cash and Cash Equivalents at the End of the Period (A+B+C+D)	29	**522,234,256**	**281,177,515**	**53,233,548**

1. ORGANISATION AND OPERATIONS OF THE GROUP

Kimteks Poliüretan Sanayi ve Ticaret A.Ş. ("the Company") was established on 1 September 2015 with a capital of TL 100,000. On 31 December 2015, it was separated from Kimteks Kimya Tekstil Ürünleri Sanayi ve Ticaret A.Ş., which was established in 1983, through a partial division and took over its assets.

Kimteks Kimya Tekstil Ürünleri Sanayi ve Ticaret A.Ş., has been established since 1983 to supply chemical and plastic raw materials to different sectors such as artificial leather, shoe sole, rubber, adhesive and paint. With the investment of 'Poliüretan Sistem Evi' in 1999, the company started production, sales and distribution in main product groups including 'Shoe Sole Systems, Flexible Foam Systems, Rigid Foam Systems, Polyester Polyols and Case called Coating, Adhesive, Mastic and Elastomers. The production of polyurethane systems, which started in a rented facility in Hadımköy in 1999 as part of the activities of Kimteks Kimya, was moved to the Gebze Plastikçiler Organized Industrial Zone in 2008. After the division, Kimteks Poliuretan Sanayi ve Ticaret A.Ş. continues its activities as a polyurethane system manufacturer in Turkey.

The legal headquarter of the Group is located in Emniyet Evleri Mah. Eski Büyükdere Cad. Sapphire Plaza No:1/4, İstanbul, Turkey.

As of 31 December 2021, the number of personnel of the Group is 219 (31 December 2020: 196; 31 December 2019: 181).

The financial position statements and profit or loss statements of the Group's subsidiaries as of 31 December 2021 are consolidated using the full consolidation method. As of 31 December 2021, the subsidiaries of the Group, which are reflected in the financial statements with the full consolidation method, are Kimpur International Trading Limited and Kimplast Granül Sanayi ve Ticaret A.Ş. The Group's voting rights and effective shareholding rate in Kimpur International Trading Limited are 100%, and 50% in Kimplast Granül Sanayi ve Ticaret A.Ş. Kimplast Granül Sanayi ve Ticaret A.Ş. was established on 9 February 2021 in Turkey, with the contract signed between the parties on 31 December 2021, it has been included in the full consolidation as a subsidiary after the control of the Company passed to Kimteks Poliüretan Sanayi ve Ticaret A.Ş. Kimpur Rus and Cis Ltd Company, in which the Group has 100% voting rights and effective ownership as of 31 December 2021, 31 December 2020 and 31 December 2019, has been reflected as a long-term financial investment in the financial statements of the relevant periods using the cost method instead of the full consolidation method since its effect on those financial statements is insignificant.
As of 31 December 2020 and 31 December 2019, the operating results, assets and liabilities of the Group's associates and joint ventures are accounted for using the equity method in accordance with TAS 28. Mipelle Deri Sanayi ve Ticaret A.Ş., is the subsidiary of the Group, which is reflected in the financial statements using the equity method as of 31 December 2020 and 31 December 2019 and the Group's voting rights and effective shareholding rate on the related associate is 27%.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Presentation

Compliance to TFRS

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets" ("Communiqué"), which was published in the Official Gazette No: 28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Financial Reporting Standards ("TFRS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

In addition, the financial statements are presented in accordance with the formats determined in the "Announcement on TFRS Taxonomy" published by the POA on 15 April 2019 and the Financial Statement Examples and User Guide published by the CMB.

The financial statements are prepared on the historical cost basis, except for the revaluation of certain non-current assets (lands, buildings, plant, machinery and equipment and derivative instruments). In determining the historical cost, the fair value of the amount paid for the assets is generally taken as the basis.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Currency Used

Functional currency

The financial statements of each entity of the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial position and operating results of each entity are expressed in TL, which is the functional currency of the Company and the presentation currency for the financial statements.

Comparative Information and Restatement of Prior Period Financial Statements

The Group's financial statements are prepared comparatively with the previous period in order to enable the determination of the financial situation and performance trends. In order to comply with the presentation of the current period financial statements, comparative information is reclassified when necessary and material differences are disclosed.

Going Concern

The financial statements have been prepared on a going concern basis, with the assumption that the Group will benefit from its assets and fulfill its obligations in the next year and in the natural course of its activities.

Change in Accounting Policies

Significant changes in accounting policies are applied retrospectively and prior period financial statements are restated. In case of a change in accounting policies compared to the previous period, it is disclosed in this note. The Group has not made any changes in its accounting policies in the current year.

Change in Accounting Estimates and Errors

If changes in accounting estimates relate to only one period, they are applied in the current period in which the change is made, and if it relates to future periods, it is applied prospectively both in the period in which the change is made and in future periods. Significant accounting errors identified are applied retrospectively and prior period financial statements are restated. In the current year, Group has not been any significant changes in accounting estimates.

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Basis of Consolidation

As of 31 December 2021, 31 December 2020 and 31 December 2019, the details of the Group's subsidiaries are as follows:

			The Group's effective share in the capital and voting rights rate (%)		
Subsidiaries	**Place of Establisment and Activity**	**Currency**	**31 December 2021**	**31 December 2020**	**31 December 2019**
Kimpur International Trading Limited (*)	Malta	Euro	100%	-	-
Kimpur Rus and Cis Ltd. Company(**)	Russia	Ruble	100%	100%	100%
Kimplast Granül Sanayi ve Ticaret A.Ş. (***)	Turkey	Turkish Lira	50%	-	-

(*) Kimpur International was established on 8 April 2021 in Malta.

(**) As of 31 December 2021, 31 December 2020 and 31 December 2019, Kimpur Rus and Cis Ltd. is accounted for as a financial investment.

(***) Kimplast Granül Sanayi ve Ticaret A.Ş. was established on 9 February 2021 in Turkey, with the contract signed between the parties on 31 December 2021, it has been included in the full consolidation as a subsidiary after the control of the Company passed to Kimteks Poliuretan Sanayi ve Ticaret A.Ş.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has the ability to use its power to affect its returns
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, (including voting patterns at previous shareholders' meetings.)

Consolidation of a subsidiary begins when the Company has control over the subsidiary and ends when it loses control. Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date of acquisition to the date of disposal.

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Basis of Consolidation (cont'd)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Company had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable TFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TFRS 9 Financial Instruments, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Shares in associates

As of 31 December 2021, 31 December 2020 and 31 December 2019, the details of the Group's subsidiaries are as follows:

			The Group's effective share in the capital and voting rights rate (%)		
Associates	**Place of Establisment and Activity**	**Currency**	**31 December 2021**	**31 December 2020**	**31 December 2019**
Mipelle Deri Sanayi ve Ticaret A.Ş. (*)	Turkey	Turkish Lira	-	27%	27%

(*) Since the share and voting rights of Mipelle Deri Sanayi ve Ticaret A.Ş. were 27% as of 1 December 2019, it was shown as a subsidiary as of this date, and its shares were transferred as of 24 June 2021.

A subsidiary is an entity over which the Group has significant influence. Significant influence is the power to participate in the decisions of an entity's financial and operational policies without being solely or jointly controlled.

A joint venture is a joint venture in which the parties that have joint control of an arrangement have rights to the net assets in the joint arrangement. Joint control is the contractual sharing of control over an economic activity. This control is considered to exist when the decisions regarding the relevant activities require the unanimous consent of the parties sharing the control.

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Shares in associates (cont'd)

In the accompanying financial statements, operating results and assets and liabilities of associates or joint ventures are accounted for using the equity method in accordance with TAS 28 standard. According to the equity method, in the consolidated balance sheet, associates or joint ventures are shown at the amount found by adjusting the cost value by the Group's share of the change in the net assets of the associate or joint venture in the post-acquisition period and over the amount obtained as a result of deducting any impairment in the associate or joint venture. Losses of an associate or joint venture in excess of the Group's interest in the associate or joint venture (including any long-term investment that essentially forms part of the Group's net investment in the associate or joint venture) are not recognized. Additional losses are recognized only if the Group has incurred a legal or constructive obligation or has made payments on behalf of an associate or joint venture.

Profits and losses resulting from transactions between one of the Group companies and an associates of the Group are eliminated in proportion to the Group's share in the relevant associate or joint venture.

2.2 New and Revised Turkish Financial Reporting Standards

a) Changes and interpretations effective as of 2021

Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS16 *Benchmark Rate Reform – Phase 2*

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 are all effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

The Group management has evaluated that these changes do not have any impact on the Group's financial statements.

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	*Insurance Contracts*
Amendments to TAS 1	*Classification of Liabilities as Current or Non-Current*
Amendments to TFRS 3	*Reference to the Conceptual Framework*
Amendments to TAS 16	*Property, Plant and Equipment – Proceed before Intended Use*
Amendments to TAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to TFRS Standards 2018-2020	*Amendments to TFRS 1, TFRS 9, and TAS 41*
Amendments to TFRS 4	*Extension of the Temporary Exemption from Applying TFRS 9*
Amendments to TFRS 16	*Continuing Concessions in Rent Payments Related to COVID-19 After 30 June 2021*
Amendments to TAS 1	*Disclosure of Accounting Policies*
Amendments to TAS 8	*Accounting Estimates Definition*
Amendments to TAS 12	*Asset Arising from a Single Transaction and Deferred Tax on Liabilities*

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.2 New and Revised Turkish Financial Reporting Standards (cont'd)

b) New and revised TFRSs in issue but not yet effective (cont'd)

TFRS 17 *Insurance Contracts*

TFRS 17 requires insurance liabilities to be measured at a current coverage value and provides a more streamlined measurement and presentation approach for all insurance contracts. These requirements are designed to achieve consistent, principle-based accounting in insurance contracts. TFRS 17 will replace TFRS 4 Insurance Contracts as of 1 January 2023.

Amendments to TAS 1 *Classification of Liabilities as Current or Non-Current*

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are deferred and are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TFRS 3 *Reference to the Conceptual Framework*

The amendments update an outdated reference to the Conceptual Framework in TFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to TAS 16 *Property, Plant and Equipment - Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Annual Improvements to TFRS Standards 2018-2020

Amendments to TFRS 1 First time adoption of Turkish Financial Reporting Standards

With the amendment made in TFRS 1, cumulative translation differences are included in the scope of the exemption for the measurement of its assets and liabilities to the subsidiary that started to apply TFRSs at a later date than its parent in paragraph D16(a) of the standard, the implementation costs of those who started to apply TFRSs for the first time have been reduced.

Amendments to TFRS 9 Financial Instruments

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.2 New and Revised Turkish Financial Reporting Standards (cont'd)

b) New and revised TFRSs in issue but not yet effective (cont'd)

Annual Improvements to TFRS Standards 2018-2020 (cont'd)

Amendments to TAS 41 *Agriculture*

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TFRS 4 *Extension of the Temporary Exemption from Applying TFRS 9*

With the postponement of the effective date of TFRS 17 to 1 January 2023, the expiry date of the temporary exemption period for the application of TFRS 9 provided to insurers has also been revised to 1 January 2023.

Amendments to TFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021*

The Public Oversight Accounting and Auditing Standards Authority ("POA"), published in June 2020, published *Continuing Concessions for COVID-19 Related Lease Payments After 30 June 2021 – Amendments to TFRS 16*, which extends the exemption for lessees to determine whether certain concessions granted due to COVID-19 on lease payments due to COVID-19 have changed by one more year.

When the change was first published, the facilitating practice only applied if any reduction in lease payments would affect payments that would normally be due on or before 30 June 2021. As lessors continue to offer rental concessions related to COVID-19 to tenants and the impact of the COVID-19 pandemic continues and is significant, POA has extended the period during which the facilitator can be used by one year.

This new change will be applied by tenants for annual accounting periods beginning on or after 1 April 2021, but early application is permitted.

Amendments to TAS 1 *Disclosure of Accouting Policies*

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 8 *Definition of Accounting Estimates*

With this amendment, the definition of "a change in accounting estimates" has been replaced with the definition of "an accounting estimate", sample and explanatory paragraphs regarding estimates have been added, and the differencesbetween application of an estimate prospectively and corrections of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

The possible effects of the said standards, amendments and improvements on the financial position and performance of the Group are being evaluated.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies

Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (reporting entity).

a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity,
(ii) has significant influence over the reporting entity, or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Revenue

The Group's revenue consists of income from the production and sales of product groups, including the supply of raw materials such as artificial leather, shoe sole, rubber, adhesive and paint, shoe sole systems, flexible foam systems, rigid foam systems, polyester polyols and coating adhesives, sealants and elastomers called cases. The revenue is reflected in the financial statements over the transaction price. The transaction price is the amount the entity expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties.

The Group records revenue in its financial statements in line with the following basic principles:

a) Identifying contracts with customers
b) Identifying the performance obligations
c) Determining the transaction price
d) Allocating the transaction price to performance obligations
e) Recognition of revenue when each performance obligation is satisfied

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs including some of the fixed and variable general production expenses are valued according to the method appropriate to the class of the inventories and mostly according to the weighted average cost method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of profit or loss in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

Property, Plant and Equipment

Land, buildings and facilities, machinery and devices held for use for production or the delivery of goods or services or for administrative purposes are expressed with their revalued amounts. The revalued amount is determined by deducting the accumulated depreciation and accumulated impairment losses in subsequent periods from the fair value determined at the revaluation date. Revaluations are made at regular intervals so as not to differ materially from the book value of the fair value to be determined at the balance sheet date.

Any revaluation increase arising on the revaluation of such lands, plants, machinery and equipment is recognized in revaluation fund in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

The depreciation of revalued buildings and machinery is included in the profit or loss statement. When the revalued property is sold or withdrawn from service, the remaining balance in the revaluation fund is transferred directly to retained earnings. No transfers from the revaluation fund to retained earnings are made unless the asset is derecognised.

Except for land and ongoing investments, the cost amounts of property, plant and equipment are depreciated over their expected useful lives using the straight-line method. The expected useful life, residual value and depreciation method are reviewed annually for the possible effects of changes in estimates, and any changes in estimates are accounted for prospectively.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The estimated useful lives of property, plant and equipment are as follows:

Buildings	50 years
Land improvements	8-50 years
Plant, machinery and equipment	2-25 years
Vehicles	3-15 years
Fixtures	3-15 years
Other property, plant and equipment	1-5 years

Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

Leases (cont'd)

The Group as lessee (cont'd)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under TAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

Leases (cont'd)

The Group as lessee (cont'd)

Right-of-use assets are presented in a separate line item in the statement of financial position (Note 15).

The Group applies TAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and included in 'Other expenses' in profit or loss.

As a practical expedient, TFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

Intangible Assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (3-5 years).

Costs associated with developing or maintaining computer software programmes are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software considered as non-current assets are amortized over their useful lives (not to exceed 5 years).

Development costs

Project costs related to the development of new products or the testing and design of developed products are considered intangible assets if the project is commercially and technologically viable and the costs can be determined reliably. Other development and research costs are recognized as expense when incurred. Development expense recorded as expense in the previous period cannot be capitalized in the next period. Capitalized development costs are amortized using the straight-line method within 5 years from the start of commercial production of the product. Period amortization expenses are recognized in cost of sales and operating expenses when incurred.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

Impairment of Property, Plant and Equipment and Intangible Assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is the present value of the expected future cash flows from an asset or cash-generating unit. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Borrowing Costs

In the case of assets (qualified assets) that take significant time to get ready for use and sale, borrowing costs directly attributable to their acquisition, construction or production are included in the cost of the asset until it is ready for use or sale.

All other borrowing costs are recorded in the profit or loss statement in the period in which they are incurred.

Financial Instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

The Group classifies its financial assets as (a) Business model used for managing financial assets, (b) Financial assets subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss based on the characteristics of contractual cash flows. The Group reclassifies all financial assets effected from the change in the business model it uses for the management of financial assets. The reclassification of financial assets is applied prospectively from the reclassification date. In such cases, no adjustment is made to gains, losses (including any gains or losses of impairment) or interest previously recognized in the financial statements.

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; 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.

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the 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.

Financial assets are measured at FVTPL if they are not measured at amortized cost or FVTOCI.

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset; the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met.

(i) Amortised cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

(a) Credit-impaired financial assets when purchased or generated. For such financial assets, the Group applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the financial statements.
(b) Non-financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired. For such financial assets, the Group applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets (cont'd)

Classification of financial assets (cont'd)

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria to be measured at amortized cost or at fair value through other comprehensive income (see (i)) are measured at fair value through profit or loss.

Financial assets at fair value through profit or loss are measured at fair value at each period's end and all fair value changes are recognized in profit or loss unless the financial assets are part of hedges (see hedge accounting policy).

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. Other exchange differences are recognised in other comprehensive income;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group utilizes a simplified approach for trade receivables, contract assets that does not have significant financing component and calculates the allowance for impairment against the lifetime ECL of the related financial assets.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows (all cash-deficiencies) that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate (or credit-based adjusted effective interest rate for financial assets with credit-value impairment when purchased or incurred).

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all of the risks and rewards of ownership of the financial asset to another entity.

When derecognising a financial asset measured at amortized cost, the difference between the carrying amount of the asset and the consideration received and receivable is recognized in profit or loss. In addition, when derecognising a debt instrument at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the revaluation fund for that instrument is reclassified to profit or loss. If an equity instrument that the Group chooses to measure at fair value through other comprehensive income at initial recognition is derecognised, the cumulative gain or loss in the revaluation fund is not recognized in profit or loss, but is transferred directly to retained earnings.

Derivative financial instruments

In order to keep the risks associated with foreign exchange and interest rates under control, the Group uses various derivative financial instruments, including foreign exchange forward contracts and interest rate swap contracts. Detailed information on derivative financial instruments is given in Note 25.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial liabilities

Financial liabilities are classified as at FVTPL on initial recognition. On initial recognition of liabilities other than those that are recognised at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognised in the fair value.

A financial liability is subsequently classified at amortized cost except:

(a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.

(b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognised in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Group continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.

(c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where TFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

The entity does not reclassify any financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Effects of Exchange Differences

Foreign currency transactions and balances

The financial statements of each entity of the Group are presented in the currency of the main economic environment in which they operate (the functional currency). The financial position and operating results of each entity are expressed in TL, which is the functional currency of the Group and the presentation unit for the financial statements.

During the preparation of the financial statements of each entity, transactions in foreign currencies (currencies other than TL) are recorded based on the exchange rates on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies in the balance sheet are translated into Turkish Lira using the exchange rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings;

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

Effects of Exchange Differences (cont'd)

- Exchange differences arising from transactions carried out to provide financial hedging against foreign currency risks (accounting policies for financial hedging are explained below),
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

Financial Statements of Subsidiaries Operating in Foreign Countries

Assets and liabilities of the Group's foreign operations. are presented in TL considering exchange rates valid at the reporting date. Income and expenses are translated by using the average rate calculated for the year when the transaction occured, unless significant fluctuation has happened in exchange rates (in case of any significant fluctuation in exchange rates, the transaction is translated by using the exchange rate at the transaction date). The translation difference is accounted under comprehensive income as a component of equity.

Earnings per Share

Earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings on equity items. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. Therefore, the weighted average stock share, which is used in the calculation of earnings per share, is determined by retrospective application of bonus share issue.

Events After the Reporting Period

Events after the reporting period are those events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information.

The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the reporting date.

Provisions, Contingent Assets and Liabilities

A provision is made in the financial statements if there is a present obligation as a result of past events, it is probable that the obligation will be settled and the amount of the obligation can be estimated reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Segment Reporting of Financial Information

Revenue from the Group's operating segments is determined on the basis of activities for which separate financial information is available. When the activities of the Group are taken into account, since there is only one operating unit, there is no reporting score according to the segments.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

Taxation

Turkish Tax Legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, as of the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized directly in equity, in which case, the current and deferred tax are also recognized directly in equity.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

Employee Benefits

Termination and retirement benefits:

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per revised TAS 19 *Employee Benefits* ("TAS 19").

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income.

Dividend and bonus payments

The Group records the profit share and bonus calculated on the basis of a method that takes into account the profit of the company's shareholders, after some adjustments, as liabilities and expenses. The Group makes provisions when there is a contractual obligation or a past practice that creates a constructive obligation.

Statement of Cash Flow

In the cash flow statement, cash flows for the period are classified and reported based on operating, investing and financing activities.

Share Capital and Dividends

Common shares are classified as equity. Dividends distributed over common shares are recorded by deducting from the accumulated profit in the period when the dividend decision is taken.

Significant changes in the current period

Necessary actions have been taken by the Group management to minimize the possible effects of the ongoing COVID-19 on the Group's activities and financial situation. The production activities of the Group were not stopped during the curfews.

While preparing its financial statements as of 31 December 2021, the Group evaluated the possible effects of the COVID-19 outbreak on its financial statements and reviewed the estimates and assumptions used in the preparation of the financial statements. In this context, the Group has evaluated the possible impairments that may occur in the values of trade receivables, inventories and property, plant and equipment in its financial statements as of 31 December 2021 and no impairment has been detected.

2.4 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Critical judgments in applying the Group's accounting policies

In the process of applying the accounting policies stated in Note 2.3, the Group Management made the following comments that have a significant impact on the amounts recognized in the financial statements:

Key sources of estimation uncertainty

Significant future assumptions with significant risks that will cause major adjustments to the carrying value of the next period's assets and liabilities and other main sources of calculation uncertainty at the reporting date are set out below.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.4 Critical Accounting Judgments and Key Sources of Estimation Uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

Calculation of loss provision

When measuring expected loss allowances, the Group uses reasonable and supportable forward-looking information based on assumptions about different future economic conditions and how these conditions will affect each other.

Loss on default is an estimate of loss on default. It is based on the difference between the receivables the lender expects to collect and the contractual cash flows, taking into account cash flows from collateral and loan enhancements.

The probability of default is an important input in measuring expected credit losses. The probability of default is an estimate of the probability of default in a given time period; The calculation includes past data, assumptions, and expectations of future conditions.

Severance pay and premium provisions

Severance pay liability and severance incentive premium provision are determined using actuarial assumptions (discount rates, future salary increases and employee turnover rates) (Note 13).

Revaluation of land, building, machinery, plant and equipment

The Group values its land, buildings, machinery and equipment at their fair value in their financial statements within the scope of TAS 16 revaluation model. The said fair values are determined by methods such as arm's length price, discounted cash flow and replacement cost. Fair values in the financial statements as of 31 December 2021, based on the appraisal report prepared by Aden Gayrimenkul Değerleme ve Danışmanlık A.Ş. for the land and building, and the fair values reflected in the financial statements for plant and equipment based on appraisal report prepared by Eva Gayrimenkul Değerleme Danışmanlık A.Ş. The initial book values of the related assets were brought to their revalued amounts and the resulting value was recorded in the revaluation fund in equity, netting off the deferred tax effect.

Impairment of inventory

Inventories are valued at the lower of cost or net realizable value. When the net realizable value of inventories is less than its cost, the inventories are reduced to their net realizable value.

Useful lives of property, plant and equipment and intangible assets

The Group allocates depreciation and amortization from property, plant and equipment and intangible assets, taking into account their useful lives as stated in Note 2.3. The expected useful life, residual value and depreciation method are reviewed annually for the possible effects of changes in estimates, and if there is a change in estimates, they are accounted for prospectively.

Deferred tax

The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between the tax base legal financial statements and the financial statements prepared in accordance with TFRS. The partially or wholly recoverable amount of deferred tax assets has been estimated under current conditions. During the evaluation, future profit projections, losses in current periods, expiry dates of unused losses and other tax assets, and tax planning strategies that can be used when necessary are taken into consideration. In the light of the data obtained, if the future taxable profit of the Group is not sufficient to cover all of the deferred tax assets, a provision is made for all and part of the deferred tax asset. If future operating results exceed the Group's current expectations, it may be necessary to recognize an unrecognized deferred tax asset.

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

3. SHARES IN OTHER ENTITIES

Associates

As of 31 December 2021, 31 December 2020 and 31 December 2019, condensed financial information about the Group's associate is explained below. The condensed financial information includes the net profit for the period of Kimplast Granül Sanayi ve Ticaret A.Ş., which is the subsidiary of the Group, as of 31 December 2021. It also includes the financial information of Mipelle Deri Sanayi ve Ticaret A.Ş., a subsidiary of the Group, as of 31 December 2020 and 31 December 2019.

	31 December 2021 (*)	31 December 2020	31 December 2019
Current assets	-	10,660,957	13,086,271
Non-current assets	-	3,364,422	4,273,560
Short-term liabilities	-	(13,935,408)	(13,819,431)
Net assets of associates / joint ventures	-	**89,971**	**3,540,400**

(*) Kimplast Granül Sanayi ve Ticaret A.Ş. was established in Turkey on 9 February 2021 and was included in full consolidation as a subsidiary as a result of transfer of the control of the Company to Kimteks Poliuretan Sanayi ve Ticaret A.Ş. on 31 December 2021, with the agreement signed between the parties.

	31 December 2021	31 December 2020	31 December 2019
Net assets of associates / joint ventures	-	89,971	3,540,400
Group's share in associates / joint ventures	-	27.27%	27.27%
Book value of the Group's shares in associates / joint ventures	-	**24,538**	**965,562**

	1 January-31 December 2021	1 January-31 December 2020	1 January-31 December 2019
Net profit / (loss) for the period	2,586,766	(3,450,430)	(6,648,876)
Group's share in associates / joint ventures	50.00%	27.27%	27.27%
Book value of the Group's shares in associates / joint ventures	**1,293,383**	**(941,024)**	**(1,813,332)**

The shares of Mipelle Deri Sanayi ve Ticaret A.Ş., a subsidiary of the Group, were transferred as of 24 June 2021 for a price of TL 3,000,000, the net loss for the period amounting to TL 178,093, obtained in line with the Group's ownership rate until this date, has been accounted for as a loss from investments valued using the equity method.

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

4. RELATED PARTY DISCLOSURES

Trade receivables from related parties generally arise from sales of trade goods and their approximate maturity is 3 months. The receivables are unsecured by nature and interest is not charged. Trade payables to related parties generally arise from purchase transactions and their approximate maturity is 3 months.

The details of the transactions between the Group and other related parties are explained below.

	31 December 2021			
	Receivables		Payables	
	Short-term		Short-term	
Balances with related parties	Trade receivables	Other receivables	Trade payables	Other payables
Shareholders				
Yuda Leon Mizrahi	-	1.100.019	-	-
Etel Sason	-	334.765	-	-
Salvo Özsarfati	-	239.906	-	-
İsak İzi Mizrahi	-	258.619	-	-
Beti Mizrahi	-	258.619	-	-
Yener Rakıcıoğlu	-	23.991	-	-
Murat Kuzkan	-	3.215	-	-
Innovis Ticaret ve Danışmanlık A.Ş.	-	179.931	-	-
Other companies managed by shareholders				
Kimteks Kimya Tekstil Ürünleri Tic. A.Ş.	-	-	971.339	-
Kimpur Rus and Cis Ltd Company	5.094.156	1.496.712	-	-
	5.094.156	3.895.777	971.339	-

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

4. RELATED PARTY DISCLOSURES (cont'd)

	31 December 2020			
	Receivables		Payables	
	Short-term		Short-term	
Balances with related parties	Trade receivables	Other receivables	Trade payables	Other payables
Other companies managed by shareholders				
Mipelle Deri ve Sanayi Ticaret A.Ş. (*)	-	7,060,037	-	-
Innovis Ticaret ve Danışmanlık A.Ş.	15,435	-	-	-
Dörtgen Gayrimenkul Yatırım ve Turizm A.Ş.	-	15,741	-	-
Dusel Eva Kauçuk Ve Poliüretan Taban A.Ş.	2,477,161	-	-	-
Kimpur Rus and Cis Ltd Company	2,433,666	713,276	-	-
	4,926,262	7,789,054	-	-

(*) The Group has provided financing for its related party, Mipelle Deri ve Sanayi Ticaret A.Ş., and the interest rates for the related receivables are 3.60% for US Dollars and 14% for Turkish Lira.

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

4. RELATED PARTY DISCLOSURES (cont'd)

	31 December 2019			
	Receivables		Payables	
	Short-term		Short-term	
Balances with related parties	Trade receivables	Other receivables	Trade payables	Other payables
Shareholders				
Yuda Leon Mizrahi	-	-	-	536,747
Beti Mizrahi	-	-	-	14,160
Other companies managed by shareholders				
Mipelle Deri ve Sanayi Ticaret A.Ş. (*)	33,991	2,447,885	-	-
Innovis Ticaret ve Danışmanlık A.Ş.	6,297	-	-	-
Dörtgen Gayrımenkul Yatırım ve Turizm A.Ş.	-	-	-	5,877
Mina Suni Deri Tekstil San. Ve Tic. Ltd. Şti.	1,041,508	-	-	-
Dusel Eva Kauçuk Ve Poliüretan Taban A.Ş.	4,187,942	-	-	-
Kimpur Rus and Cis Ltd Company	2,186,557	526,617	-	-
	7,456,295	2,974,502	-	556,784

(*) The Group has provided financing for its related party. Mipelle Deri ve Sanayi Ticaret A.Ş., and the interest rates for the related receivables are 3.60% for US Dollars and 14% for Turkish Lira.

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

4. RELATED PARTY DISCLOSURES (cont'd)

	1 January - 31 December 2021						
Transactions with related parties	Goods sales	Goods purchases	Maturity difference income	Interest income	Interest expense	Other income	Other expenses
Dusel Eva Kauçuk ve Poliüretan Taban A.Ş	2,036,910	-	30,625	-	-	-	-
Mipelle Deri ve Sanayi Ticaret A.Ş	-	-	-	130,102	-	-	5,191
Yuda Leon Mizrahi (*)	-	-	-	36,952	-	3,930,221	-
İzi Mizrahi	-	-	-	8,688	-	218,699	-
Beti Mizrahi	-	-	-	8,688	-	218,699	-
Etel Sason	-	-	-	11,245	-	283,091	-
Salvo Özsarfatı	-	-	-	8,059	-	202,875	-
Yener Rakıcıoğlu	-	-	-	806	-	20,287	-
Murat Kuzkan	-	-	-	108	-	2,719	-
Kimteks Kimya Tekstil Ürünleri A.Ş	-	2,068,940	-	-	-	-	-
Kimpur Rus and Cis Ltd Company	369,681	-	347,840	352	-	-	-
Dörtgen Gayrimenkul Yatırım ve Turizm A.Ş	-	-	-	-	-	20,867	105,890
Innovis Ticaret ve Danışmanlık A.Ş	-	-	-	12,037	-	158,200	169,374
Kimplast Granul San. ve Tic. A.Ş	25,172,319	-	1,838,727	-	-	1,083,777	237,820
	27,578,910	2,068,940	2,217,192	217,037	-	6,139,435	518,275

(*) The shares of Mipelle Deri Sanayi ve Ticaret AŞ, the joint venture of the Group, were transferred as of 24 June 2021 for a price of TL 3,000,000.

	1 January - 31 December 2020						
Transactions with related parties	Goods sales	Goods purchases	Maturity difference income	Interest income	Interest expense	Other income	Other expenses
Dusel Eva Kauçuk ve Poliüretan Taban A.Ş.	3,607,244	-	208,762	-	-	10,558	-
Mipelle Deri ve Sanayi Ticaret A.Ş	-	-	-	373,000	-	13,839	-
Kimteks Kimya Tekstil Ürünleri A.Ş.	-	124,362	-	-	-	-	-
Kimpur Rus and Cis Ltd Company	3,136,991	-	-	-	-	-	-
Dörtgen Gayrimenkul Yatırım ve Turizm A.Ş	-	-	-	-	-	26,707	137,161
Innovis Ticaret ve Danışmanlık A.Ş.	-	-	-	-	-	-	166,391
Beti Mizrahi	-	-	-	-	-	-	153,847
	6,744,235	124,362	208,762	373,000	-	51,104	457,399

	1 January - 31 December 2019						
Transactions with related parties	Goods sales	Goods purchases	Maturity difference income	Interest income	Interest expense	Other income	Other expenses
Dusel Eva Kauçuk ve Poliüretan Taban A.Ş	9,943,743	-	1,339,868	-	-	-	146,066
Mipelle Deri ve Sanayi Ticaret A.Ş	-	-	-	164,456	-	-	61,910
Mina Sun Deri Tekstil San. ve Tic. Ltd. Şti	9,586,561	-	702,246	-	-	-	14,963
Kimteks Kimya Tekstil Ürünleri A.Ş.	-	1,232	-	-	-	-	-
Kimpur Rus and Cis Ltd Company	5,467,918	-	-	-	-	-	-
Dörtgen Gayrimenkul Yatırım ve Turizm A.Ş.	19,381	-	-	-	320,722	-	129,915
Innovis Ticaret ve Danışmanlık A.Ş	-	-	-	-	-	-	41,325
Beti Mizrahi	-	-	-	-	-	-	34,050
	25,017,603	1,232	2,042,114	164,456	320,722	-	428,229

Benefits Provided to Key Management

The Group's key management team consists of members of the Board of Directors and directors. Benefits provided to key management include benefits such as salaries, premiums, attendance fees and bonuses. Benefits provided to key management during the period are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020	1 January - 31 December 2019
Benefits for board members	14,151,660	8,291,707	6,949,039
Benefits for directors	6,178,718	4,290,769	2,603,502
	20,330,378	12,582,476	9,552,541

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

5. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

As of 31 December 2021, 31 December 2020 and 31 December 2019, the details of the Group's trade receivables are as follows:

Short-term trade receivables	31 December 2021	31 December 2020	31 December 2019
Trade receivables	527,853,868	210,856,354	178,756,822
Notes receivable	553,783,753	274,728,634	133,585,665
Trade receivables from related parties (Note 4)	5,094,156	4,926,262	7,456,295
Expected credit loss provision (-)	(21,340,572)	(13,220,694)	(10,846,793)
	1,065,391,205	477,290,556	308,951,989

As of 31 December 2021, the maturity of the Group's trade receivables is 176 days (31 December 2020: 187 days, 31 December 2019: 157 days).

As of 31 December 2021, 31 December 2020 and 31 December 2019, the movement of the Group's expected provision for credit losses during the period is as follows:

Expected credit loss provision	1 January-31 December 2021	1 January-31 December 2020	1 January-31 December 2019
Beginning of period	(13,220,694)	(10,846,793)	(8,283,456)
Charge for the period, collections, net	(8,119,878)	(2,373,901)	(2,563,337)
End of period	(21,340,572)	(13,220,694)	(10,846,793)

Long-term trade receivables	31 December 2021	31 December 2020	31 December 2019
Notes receivable	-	10,503,191	2,223,850
	-	10,503,191	2,223,850

Explanations on the nature and level of risks in trade receivables are given in note 26.

b) Trade Payables

As of 31 December 2021, 31 December 2020 and 31 December 2019, the details of the Group's trade payables are as follows:

Short-term trade payables	31 December 2021	31 December 2020	31 December 2019
Trade payables	437,876,375	205,877,554	148,399,445
Trade payables to related parties (Note 4)	971,339	-	-
Notes payables	907,688	95,200	95,200
	439,755,402	205,972,754	148,494,645

Long-term trade payables	31 December 2021	31 December 2020	31 December 2019
Notes payables	1,380,608	-	-
	1,380,608	-	-

As of 31 December 2021, the Group's payment term for the purchase of goods is 89 days (31 December 2020: 99 days, 31 December 2019: 89 days).

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

6. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables

Other short-term receivables	31 December 2021	31 December 2020	31 December 2019
Other receivables from related parties (Note 4)	3,895,777	7,789,054	2,974,502
Deposits and guarantees given	100,320	103,220	103,220
Other miscellaneous receivables (*)	2,821,648	881,298	1,346,292
	6,817,745	8,773,572	4,424,014

(*) As of 31 December 2021, TL 2,819,376 of other miscellaneous receivables consists of receivables from tax offices (31 December 2020: TL 646,607, 31 December 2019: TL 1,237,390).

b) Other Payables

Other short-term payables	31 December 2021	31 December 2020	31 December 2019
Non-trade payables to related parties (Note 4)	-	-	556,784
Other miscellaneous payables	165,252	5,108	42,017
	165,252	5,108	598,801

7. INVENTORIES

	31 December 2021	31 December 2020	31 December 2019
Raw materials	233,885,681	87,832,915	60,815,378
Work-in-process	17,042,599	4,057,607	2,143,865
Finished goods	55,525,408	24,724,868	28,420,502
Trade goods	828,425	2,867,319	1,142,839
Provision for impairment in inventory (-)	(530,804)	(355,013)	-
Goods in transit	53,434,427	-	5,410,108
	360,185,736	119,127,696	97,932,692

As of 31 December 2021, there is an inventory impairment provision of TL 530,804 (31 December 2020: TL 355,013, 31 December 2019: None).

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

8. PREPAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses	31 December 2021	31 December 2020	31 December 2019
Order advances given for inventory purchase	34.678.993	8.211.780	1.507,419
Prepaid expenses	2,336.428	1.508.328	723.710
	37,015.421	9.720.108	2.231.129

Long-term prepaid expenses	31 December 2021	31 December 2020	31 December 2019
Prepaid expenses	64,908	-	12,021
	64,908	-	12,021

Short-term deferred income	31 December 2021	31 December 2020	31 December 2019
Order advances received	49,522.634	24,583,712	13,307,486
	49,522,634	24,583,712	13,307,486

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

9. PROPERTY, PLANT AND EQUIPMENT

	Lands	Buildings	Plant, machinery and devices	Vehicles	Furniture and fixtures	Leasehold improvements	Investments in progress	Total
Cost								
Opening balance as of 1 January 2021	26,698,940	12,025,280	30,455,525	5,972,886	3,503,403	407,571	4,903,894	83,967,499
Additions	5,444,928	86,884	3,629,123	2,327,568	698,911	69,586	28,223,248	40,480,248
Disposals	-	-	(107,886)	-	-	-	-	(107,886)
Revaluation	16,686,060	3,031,724	-	-	-	-	-	19,717,784
Transfers from ongoing investments (*)	-	-	11,388	-	-	-	(14,335,179)	(14,323,791)
Assets acquired from subsidiary control	-	-	22,168	-	-	-	-	22,168
Closing balance as of 31 December 2021	48,829,928	15,143,888	34,010,318	8,300,454	4,202,314	477,157	18,791,963	129,756,022
Accumulated depreciation								
Opening balance as of 1 January 2021	-	(593,083)	(9,840,425)	(2,278,232)	(2,088,095)	(372,386)	-	(15,172,221)
Charge for the period	-	(354,534)	(4,998,552)	(1,329,909)	(641,114)	(22,488)	-	(7,346,597)
Revaluation	-	748,830	-	-	-	-	-	748,830
Disposals	-	-	35,962	-	-	-	-	35,962
Assets acquired from subsidiary control	-	-	(5,542)	-	-	-	-	(5,542)
Closing balance as of 31 December 2021	-	(198,787)	(14,808,557)	(3,608,141)	(2,729,209)	(394,874)	-	(21,739,568)
Net book value as of 31 December 2021	48,829,928	14,945,101	19,201,761	4,692,313	1,473,105	82,283	18,791,963	108,016,454

(*) Investments in progress amounting to TL 14,323,791 have been transferred to intangible assets (31 December 2020: TL 11,847,212, 31 December 2019: TL 7,102,328).

TL 6,203,887 (31 December 2020: TL 5,600,876, 31 December 2019: TL 4,834,628) of depreciation expenses is included in cost of sales, TL 784,423 (31 December 2020: TL 1,191,869, 31 December 2019: TL 1,226,115) is included in general administrative expenses, TL 358,287 (31 December 2020: TL 268,635, 31 December 2019: TL 295,723) is included in marketing expenses.

As of 31 December 2021, 31 December 2020 and 31 December 2019, there is no mortgage or pledge on property, plant and equipment.

As of 31 December 2021, the Group has no property, plant and equipment acquired through financial lease (31 December 2020: None, 31 December 2019: None).

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Lands	Buildings	Plant, machinery and devices	Vehicles	Furniture and fixtures	Leasehold improvements	Investments in progress	Total
Cost								
Opening balance as of 1 January 2020	26,698,940	11,969,360	23,666,341	4,677,476	2,891,548	397,448	9,033,422	79,334,535
Additions	-	55,920	3,280,004	1,295,410	611,855	10,123	7,717,684	12,970,996
Transfers from ongoing investments	-	-	3,509,180	-	-	-	(11,847,212)	(8,338,032)
Closing balance as of 31 December 2020	26,698,940	12,025,280	30,455,525	5,972,886	3,503,403	407,571	4,903,894	83,967,499
Accumulated depreciation								
Opening balance as of 1 January 2020	-	(295,394)	(4,690,700)	(1,276,490)	(1,532,411)	(315,846)	-	(8,110,841)
Charge for the period	-	(297,689)	(5,149,725)	(1,001,742)	(555,684)	(56,540)	-	(7,061,380)
Closing balance as of 31 December 2020	-	(593,083)	(9,840,425)	(2,278,232)	(2,088,095)	(372,386)	-	(15,172,221)
Net book value as of 31 December 2020	26,698,940	11,432,197	20,615,100	3,694,654	1,415,308	35,185	4,903,894	68,795,278

	Lands	Buildings	Plant, machinery and devices	Vehicles	Furniture and fixtures	Leasehold improvements	Investments in progress	Total
Cost								
Opening balance as of 1 January 2019	26,698,940	11,871,061	28,186,403	3,588,236	2,688,681	803,867	6,329,836	80,167,024
Additions	-	98,299	846,082	1,089,240	326,032	-	9,805,914	12,165,567
Adjustments due to loss of control in subsidiaries	-	-	(5,366,144)	-	(123,165)	(406,419)	-	(5,895,728)
Transfers from ongoing investments	-	-	-	-	-	-	(7,102,328)	(7,102,328)
Closing balance as of 31 December 2019	26,698,940	11,969,360	23,666,341	4,677,476	2,891,548	397,448	9,033,422	79,334,535
Accumulated depreciation								
Opening balance as of 1 January 2019	-	-	(1,033,431)	(457,318)	(1,079,852)	(263,902)	-	(2,834,503)
Charge for the period	-	(295,394)	(4,690,700)	(819,172)	(506,334)	(84,866)	-	(6,396,466)
Adjustments due to loss of control in subsidiaries	-	-	1,033,431	-	53,775	32,922	-	1,120,128
Closing balance as of 31 December 2019	-	(295,394)	(4,690,700)	(1,276,490)	(1,532,411)	(315,846)	-	(8,110,841)
Net book value as of 31 December 2019	26,698,940	11,673,966	18,975,641	3,400,986	1,359,137	81,602	9,033,422	71,223,694

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Fair value measurements

The land, buildings, machinery and equipment owned by the Group are shown with their revaluation amounts, which is their fair value at the revaluation date, less accumulated depreciation and accumulated impairment losses. The fair value of the land and buildings owned by the Group was determined on 23 June 2021 by Aden Gayrimenkul Değerleme ve Danışmanlık A.Ş., an valuation company independent from the Group. Aden Gayrimenkul Değerleme ve Danışmanlık A.Ş. was authorized by the CMB on 22 March 2018 and provides real estate valuation services in accordance with the capital market legislation and has sufficient experience and qualifications in the fair value measurement of real estates in the relevant regions. In addition, the fair value of the plants, machinery and equipment owned by the Group as of 31 December 2018 was realized by Eva Gayrimenkul Değerleme ve Danışmanlık A.Ş., an valuation company independent from the Group. Eva Gayrimenkul Değerleme ve Danışmanlık A.Ş. was authorized by the CMB on 27 March 2009 and provides real estate valuation services in accordance with the capital market legislation and has sufficient experience and qualifications in the fair value measurement of real estates in the relevant regions.

As of 31 December 2021, 31 December 2020 and 31 December 2019, the information on the land and buildings owned by the Group and the fair value hierarchy of the said assets are shown in the table below:

		Fair value level as of reporting date		
	31 December 2021	Level 1 TL	Level 2 TL	Level 3 TL
Land	48.829.928	-	48.829.928	-
Buildings	14,945,101	-	14,945,101	-
Plant, Machinery and Equipment	19,201,761	-	19,201,761	-

		Fair value level as of reporting date		
	31 December 2020	Level 1 TL	Level 2 TL	Level 3 TL
Land	26.698.940	-	26.698,940	-
Buildings	11.432.197	-	11.432.197	-
Plant, Machinery and Equipment	20,615,100	-	20.615,100	-

		Fair value level as of reporting date		
	31 December 2019	Level 1 TL	Level 2 TL	Level 3 TL
Land	26.698.940	-	26.698.940	-
Buildings	11,673.966	-	11.673.966	-
Plant, Machinery and Equipment	18,975.641	-	18.975,641	-

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

10. INTANGIBLE ASSETS

	Rights	Development Costs	Total
Cost			
Opening balance as of 1 January 2021	3,314,218	19,112,466	22,426,684
Additions	437,596	-	437,596
Transfers from ongoing investments	-	14,323,791	14,323,791
Closing balance as of 31 December 2021	3,751,814	33,436,257	37,188,071
Accumulated amortization			
Opening balance as of 1 January 2021	(1,787,766)	(3,983,655)	(5,771,421)
Charge for the period	(986,725)	(4,419,632)	(5,406,357)
Closing balance as of 31 December 2021	(2,774,491)	(8,403,287)	(11,177,778)
Net book value as of 31 December 2021	977,323	25,032,970	26,010,293

TL 4,565,437 of the amortization (31 December 2020: TL 2,641,099, 31 December 2019: TL 1,317,265) is included in the cost of sales, TL 529,800 (31 December 2020: TL 423,864, 31 December 2019: TL 309,137) in general administrative expenses, TL 311,120 (31 December 2020: TL 137,905, 31 December 2019: TL 116,408) in marketing expenses.

	Rights	Development Costs	Total
Cost			
Opening balance as of 1 January 2020	2,656,193	9,193,479	11,849,672
Additions	658,025	1,580,955	2,238,980
Transfers from ongoing investments	-	8,338,032	8,338,032
Closing balance as of 31 December 2020	3,314,218	19,112,466	22,426,684
Accumulated amortization			
Opening balance as of 1 January 2020	(913,196)	(1,655,357)	(2,568,553)
Charge for the period	(874,570)	(2,328,298)	(3,202,868)
Closing balance as of 31 December 2020	(1,787,766)	(3,983,655)	(5,771,421)
Net book value as of 31 December 2020	1,526,452	15,128,811	16,655,263

	Rights	Development Costs	Total
Cost			
Opening balance as of 1 January 2019	787,235	3,207,216	3,994,451
Additions	745,643	7,250	752,893
Transfers from ongoing investments	1,123,315	5,979,013	7,102,328
Closing balance as of 31 December 2019	2,656,193	9,193,479	11,849,672
Accumulated amortization			
Opening balance as of 1 January 2019	(239,621)	(586,122)	(825,743)
Charge for period	(673,575)	(1,069,235)	(1,742,810)
Closing balance as of 31 December 2020	(913,196)	(1,655,357)	(2,568,553)
Net book value as of 31 December 2019	1,742,997	7,538,122	9,281,119

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

11. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short-term provisions	31 December 2021	31 December 2020	31 December 2019
Lawsuit provision	-	-	156,417
	-	-	156,417

12. COMMITMENTS

Collateral - Pledge - Mortgage ("CPM")

As of 31 December 2021, 31 December 2020 and 31 December 2019, the tables regarding the collateral position of the Group are as follows:

	31 December 2021			
CPMs Given by the Company	TL equivalent	TL	Euro	USD
A. Total Amount of GPMs Given on behalf of Its Own Legal Entity	31,212,478	1,265,379	1,985,000	1,000,000
-Collateral	*31,212,478*	*1,265,379*	*1,985,000*	*1,000,000*
B. Total Amount of CPMs Given in Favor of Partnerships Included in the Full Consolidation Scope	-	-	-	-
C. Total Amount of CPM's Given by Other 3rd Persons for the Purpose of Ordinary Commercial Activities	-	-	-	-
D. Total Amount of Other CPMs Given	-	-	-	-
Total	31,212,478	1,265,379	1,985,000	1,000,000

	31 December 2020			
CPMs Given by the Company	TL equivalent	TL	Euro	USD
A. Total Amount of GPMs Given on behalf of Its Own Legal Entity	160,889,642	1,810,128	17,660,000	-
-Collateral	*160,889,642*	*1,810,128*	*17,660,000*	
B. Total Amount of CPMs Given in Favor of Partnerships Included in the Full Consolidation Scope	-	-	-	-
C. Total Amount of CPM's Given by Other 3rd Persons for the Purpose of Ordinary Commercial Activities	-	-	-	-
D. Total Amount of Other CPMs Given	-	-	-	-
Total	160,889,642	1,810,128	17,660,000	-

	31 December 2019			
CPMs Given by the Company	TL equivalent	TL	Euro	USD
A. Total Amount of GPMs Given on behalf of Its Own Legal Entity				
-Collateral	85,278,332	1,081,736	12,660,000	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
Total	85,278,332	1,081,736	12,660,000	-

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

13. EMPLOYEE BENEFITS

Payables within the scope of employee benefits

As of 31 December 2021, 31 December 2020 and 31 December 2019, payables within the scope of employee benefits are as follows:

	31 December 2021	31 December 2020	31 December 2019
Payables to personnel	549,911	151,733	204,399
Social security premiums payable	1,541,551	519,622	403,908
	2,091,462	671,355	608,307

Short-term provisions for employee benefits

Provision for unused vacation

Short-term employee benefits and liabilities are measured without discounting and expensed as the related service is rendered. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. According to the current Labor Law in Turkey is obliged to pay for any reason claimed by the employee if the ending, but unused annual leave belonging fee gross salary at the date when the contract expires and contractual other interests him or rights to their owners over the total.

As of 31 December 2021, 31 December 2020 and 31 December 2019, the breakdown of short-term provisions for employee benefits is as follows:

	31 December 2021	31 December 2020	31 December 2019
Provision for unused vacation	1.225.682	701,355	379,492
Premium provisions	30,000,000	5.808,943	7,236,803
	31.225.682	6.510.298	7.616.295

The movement table of unused vacation and premium provisions for the accounting periods ending on 31 December 2021, 31 December 2020 and 31 December 2019 is as follows:

	1 January-31 December 2021	1 January-31 December 2020	1 January-31 December 2019
Provision as of 1 January	6.510.298	7.616.295	3,921,988
Provision appropriated / (used) during the period, net	30.524.327	6,130,806	7,361,860
Paid in the period	(5.808.943)	(7.236.803)	(3,667,553)
Provision as of the end of the period	31.225.682	6.510.298	7.616.295

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

13. EMPLOYEE BENEFITS (cont'd)

Long-term provisions for employee benefits

Provisions for employment termination benefit

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

Retirement pay to be paid as of 31 December 2021 is subject to a monthly ceiling of TL 8,284.51 (31 December 2020: TL 7,117.17; 31 December 2019: TL 6,379.86).

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 *Employee Benefits* stipulates the development of the Group's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 December 2021, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. Provisions at the relevant balance sheet dates are calculated using the real discount rate, which is approximately 3.40 % (31 December 2020: 3,01; 31 December 2019: 3.70%) based on the assumptions of 17.50 % annual inflation and 21.50 % interest rate. Voluntary leaves are also taken into consideration as 7.98 % for 0-15 years employees and 0% for those who work 15 and over. The maximum amount of TL 10,849.59 effective from 1 January 2022 has been taken into account in the calculation of the severance pay provision of the Company (1 January 2021: TL 7,638.96; 1 January 2020: TL 7,117.17).

As of 31 December 2021, 31 December 2020 and 31 December 2019, the breakdown of long-term employee benefits is as follows:

	31 December 2021	31 December 2020	31 December 2019
Provision for employee termination benefits	3.605.524	2.811.109	1.935,427
	3,605,524	2.811,109	1,935,427

The movement table of provisions for severance pay for the accounting periods ending on 31 December 2021, 31 December 2020 and 31 December 2019 is as follows:

	1 January-31 December 2021	1 January-31 December 2020	1 January-31 December 2019
Provision as of 1 January	2,811,109	1,935,427	1,416,424
Service cost	836,676	853,125	545,958
Interest cost	84,718	62,894	44,717
Severance payments paid	(54,037)	(84,297)	(122,080)
Period movements caused by loss of control	-	-	(5,471)
Actuarial (gain)/loss	(72,942)	43,960	55,879
Provision as of the end of the period	3,605,524	2,811,109	1,935,427

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

14. OTHER ASSETS AND LIABILITIES

Other current assets	31 December 2021	31 December 2020	31 December 2019
Transferred VAT	25,993,079	18,678,600	14,729,000
Income accruals	17,446,051	4,510,026	4,208,312
Personnel advances	1,082,592	106,466	73,564
Other	-	-	736
	44,521,722	23,295,092	19,011,612

Other short-term liabilities	31 December 2021	31 December 2020	31 December 2019
Tax and funds payable	3,469,860	298,812	395,394
	3,469,860	298,812	395,394

15. LEASE TRANSACTIONS

Within the scope of its operations, the Group rents forklifts, lorries and trucks, office buildings and warehouses. Leasing periods vary between 3-10 years. There are no expired contracts in the current year.

Right-of-Use Assets

	Machinery and equipment	Buildings and warehouse	Vehicles	Total
Cost				
As of 1 January 2021	566,552	3,830,424	948,884	5,345,860
Additions	-	91,971	-	91,971
Closing balance as of 31 December 2021	566,552	3,922,395	948,884	5,437,831
Accumulated depreciation				
As of 1 January 2021	(283,276)	(963,329)	(437,401)	(1,684,006)
Charge for the period	(141,638)	(575,719)	(255,741)	(973,098)
Closing balance as of 31 December 2021	(424,914)	(1,539,048)	(693,142)	(2,657,104)
Net book value as of 31 December 2021	141,638	2,383,347	255,742	2,780,727

TL 821,740 of depreciation expenses (31 December 2020: TL 720,913, 31 December 2019: TL 585,847) is included in the cost of sales, and TL 151,358 (31 December 2020: TL 187,987, 31 December 2019: TL 189,259) is included in general administrative expenses.

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

15. LEASE TRANSACTIONS (cont'd)

	Machinery and devices	Buildings and warehouse	Vehicles	Total
Cost				
As of 1 January 2020	566.552	3,318.899	907,856	4,793,307
Additions	-	511,525	41,028	552,553
Closing balance as of 31 December 2020	566.552	3,830,424	948,884	5,345,860
Accumulated depreciation				
As of 1 January 2020	(138,482)	(454,964)	(181,660)	(775,106)
Charge for the period	(144,794)	(508,365)	(255,741)	(908,900)
Closing balance as of 31 December 2020	(283,276)	(963,329)	(437,401)	(1,684,006)
Net book value as of 31 December 2020	283,276	2,867,095	511,483	3,661,854

	Machinery and devices	Buildings and warehouse	Vehicles	Total
Cost				
As of 1 January 2019	-	-	-	-
Effect of accounting policy change	566.552	3.318.899	627.863	4.513.314
Additions	-	-	279,993	279,993
Closing balance as of 31 December 2019	566,552	3,318,899	907,856	4,793,307
Accumulated depreciation				
As of 1 January 2019	-	-	-	-
Charge for the period	(138,482)	(454,964)	(181,660)	(775,106)
Closing balance as of 31 December 2019	(138,482)	(454,964)	(181,660)	(775,106)
Net book value as of 31 December 2019	428,070	2,863,935	726,196	4,018,201

Recognized in profit or loss	31 December 2021	31 December 2020	31 December 2019
Depreciation amount of right-of-use assets	973,098	908,900	775,106
Interest expense on lease liabilities	668,167	763,305	784,665
Lease expenses	(1,361,528)	(1,438,588)	(1,267,324)

Liabilities from Lease Transactions

Distribution of lease liabilities	31 December 2021	31 December 2020	31 December 2019
Long-term	2,490,818	2,379,489	2,439,288
Short-term	864,811	1,745,431	1,871,360
	3,355,629	4,124,920	4,310,648

The maturity distribution of liabilities from leasing transactions is as follows:

Maturity distribution	31 December 2021	31 December 2020	31 December 2019
Year 1	864,811	1,745,431	1,871,360
Year 2	695,795	962,994	1,036,448
3 years and beyond	1,795,023	1,416,495	1,402,840
	3,355,629	4,124,920	4,310,648

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

16. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Share Capital

The paid-in capital structure at 31 December 2021, 31 December 2020 and 31 December 2019 is as follows:

Shareholders	%	31 December 2021	%	31 December 2020	%	31 December 2019
Yuda Leon Mizrahi	45.85	50,438,000	61.84	68,021,976	-	-
Etel Sason	13.95	15,349,000	9.76	10,740,312	-	-
İsak İzi Mizrahi	10.78	11,858,000	4.88	5,370,156	-	-
Beti Mizrahi	10.78	11,858,000	4.88	5,370,156	-	-
Mizrahi İstanbul Gayrimenkul A.Ş.		-	-	-	81.37%	89,502,600
Salvo Özsarfati	10.00	11,000,000	10.00	11,000,000	10.00%	11,000,000
Innovis Ticaret ve Danışmanlık A.Ş.	7.50	8,250,000	7.50	8,250,000	7.50%	8,250,000
Yener Rakıcıoğlu	1.00	1,100,000	1.00	1,100,000	1.00%	1,100,000
Murat Kuzkan	0.13	147,000	0.13	147,400	0.13%	147,400
Nominal capital	100	110,000,000	100	110,000,000	100	110,000,000

The Group's capital consists of 110,000,000 shares as of 31 December 2021 (31 December 2020: 11,000,000,000, 31 December 2019: 11,000,000,000). The nominal value of the shares is 1 TL per share (31 December 2020: 0.01 TL per share, 31 December 2019: 0.01 TL per share). All issued shares were paid in cash.

b) Restricted Reserves Appropriated from Profit

	31 December 2021	31 December 2020	31 December 2019
Legal Reserves	16,376,384	12,485,043	9,166,139
	16,376,384	12,485,043	9,166,139

Retained earnings in the statutory books may be distributed, except for the legal reserves stated below.

According to Turkish Commercial Code, the Group reserves 5% of the historical statutory profit as first legal reserve, until the total reserve reaches 20% of the historical paid in share capital. The other legal reserve is appropriated at the rate of 10% per annum of all cash dividend distributions after the payment of dividends to the shareholders at a rate of 5%. According to the Turkish Commercial Code, if the general legal reserve does not exceed half of the share capital or the issued capital, it can be used only to close the losses, to continue the business when business is not going well or to take measures to mitigate the results.

Dividend Distribution:

In 2021, the Group has distributed TL 50,000,000 dividend from its 2020 profit within the scope of Law No. 6736 (2020: TL 12,896,345, 2019: None).

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

16. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont'd)

c) Other Comprehensive Income and Profits that will not be Reclassified to Profit or Loss

Accumulated remeasurement losses of defined benefit plans

	1 January- 31 December 2021	1 January- 31 December 2020	1 January- 31 December 2019
Beginning of the period	(144,442)	(109,274)	(64,571)
Total comprehensive expense	72,942	(43,960)	(55,879)
Deferred tax effect	(14,589)	8,792	11,176
End of the period	(86,089)	(144,442)	(109,274)

Revaluation increases

	1 January- 31 December 2021	1 January- 31 December 2020	1 January- 31 December 2019
Beginning of the period	33,123,954	33,123,954	33,123,954
Total comprehensive income	20,466,614	-	-
Deferred tax effect	1,702,142	-	-
End of the period	55,292,710	33,123,954	33,123,954

17. REVENUE AND COST OF SALES

The Group fulfills its performance obligations over time and at a certain time.

a) Sales	1 January- 31 December 2021	1 January- 31 December 2020	1 January- 31 December 2019
Domestic sales	1,769,742,623	721,897,038	531,474,069
Export sales	431,915,512	229,354,321	197,107,260
Sales returns (-)	(22,624,509)	(4,937,550)	(4,943,551)
Sales discounts (-)	(6,345,162)	(7,552,476)	(8,638,831)
	2,172,688,464	938,761,333	714,998,947

b) Cost of sales	1 January- 31 December 2021	1 January- 31 December 2020	1 January- 31 December 2019
Raw material expenses	(1,783,049,287)	(698,485,113)	(550,877,453)
Personnel expenses	(9,993,114)	(6,139,689)	(4,792,248)
Depreciation and amortization (Note 9,10,15)	(11,591,064)	(8,962,888)	(6,737,740)
Manufactoring overhead expenses	(28,981,897)	(19,449,015)	(12,389,087)
Net change in finished goods	30,800,540	(3,695,634)	7,539,283
Net change in WIP	12,984,992	1,913,742	(702,715)
Cost of trade goods sold	(3,411,327)	(12,053,668)	(32,167,005)
	(1,793,241,157)	(746,872,265)	(600,126,965)

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

18. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES

	1 January-31 December 2021	1 January-31 December 2020	1 January-31 December 2019
General administrative expenses (-)	(37,520,092)	(16,019,264)	(16,800,580)
Marketing expenses (-)	(53,136,879)	(29,358,807)	(22,067,230)
	(90,656,971)	(45,378,071)	(38,867,810)

General Administrative Expenses	1 January-31 December 2021	1 January-31 December 2020	1 January-31 December 2019
Personnel expenses	(30.312,131)	(9,780,266)	(12,026,080)
Consulting expenses	(2.204,880)	(1.950,962)	(821,039)
Taxes, duties and fees	(1.722,989)	(585,284)	(305,677)
Depreciation and amortization (Note 9,10,15)	(1.465,581)	(1.803,720)	(1.764,511)
Office expenses	(368,914)	(289,620)	(201,864)
Travel expenses	(311,524)	(272,019)	(320,990)
Contribution expenses	(208,938)	(220,943)	(160,464)
Rental expenses	(195,676)	(712,637)	(750,388)
Maintenance and repair expenses	(163,600)	(114,691)	(60,799)
Insurance expenses	(104,715)	(74,788)	(65,018)
Temporary license expenses	(96,295)	(25,511)	(118,312)
Other	(364,849)	(188,823)	(205,438)
	(37,520,092)	(16,019,264)	(16.800,580)

Marketing Expenses	1 January-31 December 2021	1 January-31 December 2020	1 January-31 December 2019
Personnel expenses	(15,665,251)	(7.163,287)	(5,275,127)
Transportation expenses	(14,527,693)	(8.787,980)	(6,035,912)
Export expenses	(13,015,347)	(7,360,702)	(6,462,303)
Storage expenses	(3,576,918)	(2.129,709)	(862,677)
Fair and organization expenses	(2.690,334)	(447,260)	(1,057,850)
Insurance expenses	(1,342,543)	(471,155)	(212,809)
Travel expenses	(964,679)	(470,820)	(1,056,885)
Depreciation and amortization (Note 9,10)	(669,407)	(406,540)	(412,131)
Representation and hospitality expenses	(143,845)	(368,121)	(108,424)
Rental expenses	(113,320)	(93,576)	(69,783)
Maintenance and repair expenses	(62,227)	(24,706)	(21,016)
Taxes, duties and fees	(42,633)	(69,708)	(42,989)
Contribution expenses	(22,736)	(184,503)	(26,100)
Office expenses	(10,841)	(10,454)	(13,425)
Other	(289,105)	(1,370,286)	(409,799)
	(53,136,879)	(29,358,807)	(22,067,230)

Fees for services received from an independent audit firm

Based on the Board Decision of the Public Oversight, Accounting and Auditing Standards Authority "POA" published in the Official Gazette, the fees related to the services received by the Group from the independent auditor/independent audit firm as of the reporting period are as follows:

	1 January-31 December 2021	1 January-31 December 2020	1 January-31 December 2019
Independent audit fee for the reporting period	1.240,000	195,000	136,800
Fee for other assurance services	-	6,000	5,500
	1.240,000	201,000	142,300

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

19. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other operating income for the periods ended 31 December 2021, 31 December 2020 and 31 December 2019 is as follows:

Other Income from Operating Activities	1 January-31 December 2021	1 January-31 December 2020	1 January-31 December 2019
Foreign exchange income from operating activities	739,214,612	119,490,466	53,125,664
Provisions released	-	2,511,955	-
Income from derivative transactions	3,749,135	-	-
Maturty difference income	14,522,714	3,875,856	6,863,778
Interest income	8,973,852	8,971,712	2,268,608
Other income	1,343,286	2,874,475	1,029,330
	767,803,599	137,724,464	63,287,380

Other operating expenses for the years ended 31 December 2021, 31 December 2020 and 31 December 2019 are as follows:

Other Expenses from Operating Activities	1 January-31 December 2021	1 January-31 December 2020	1 January-31 December 2019
Foreign exchange expenses from operating activities	(492,643,699)	(107,181,725)	(48,664,132)
Provision expenses	(6,033,758)	(290,118)	(3,644,401)
Commission expenses	(11,553,850)	(3,818,964)	(216,532)
Expenses from derivative transactions	(5,725,030)	(10,051,370)	-
Other expenses	(3,493,728)	(6,538,666)	(2,449,052)
	(519,450,065)	(127,880,843)	(54,974,117)

20. FINANCE EXPENSES

Finance Expenses	1 January - 31 December 2021	1 January - 31 December 2020	1 January - 31 December 2019
Bank loan interest expenses	(120,124,607)	(21,098,923)	(31,397,799)
Foreign exchange gains / (expenses), net	(14,034,925)	(33,854,640)	(6,250,672)
Interest expense from leasing	(668,167)	(763,305)	(784,665)
	(134,827,699)	(55,716,868)	(38,433,136)

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

21. INCOME FROM INVESTING ACTIVITIES

Income from investing activities	1 January - 31 December 2021	1 January - 31 December 2020	1 January - 31 December 2019
Associate sales profit (*)	3.153.555	-	-
	3.153.555	-	-

(*) On 24 June 2021, the shares of Mipelle Deri Sanayi ve Ticaret A.Ş. were sold for a price of TL 3,000,000.

22. EXPENSES BY NATURE

Expenses by nature	1 January- 31 December 2021	1 January- 31 December 2020	1 January- 31 December 2019
Personnel expenses	(55.970.496)	(23.083.242)	(22.093.455)
Transportation expenses	(14,527,693)	(8.787.980)	(6,035,912)
Export expenses	(13.015.347)	(7.360.702)	(6.462.303)
Storage expenses	(3.576.918)	(2.129.709)	(862.677)
Fair and organization expenses	(2.690.334)	(447.260)	(1,057,850)
Consulting expenses	(2.204.880)	(1.950.962)	(821,039)
Taxes, duties and fees	(1,765,622)	(654,992)	(348,666)
Depreciation and amortization (Note 9,10.15)	(13,726,052)	(11,173,148)	(8,914,382)
Office expenses	(379,755)	(300,074)	(215,289)
Travel expenses	(1,276,203)	(742,839)	(1,377,875)
Contribution expenses	(231,674)	(405,446)	(186,564)
Rental expenses	(308,996)	(806.213)	(820,171)
Maintenance and repair expenses	(225,827)	(139.397)	(81.815)
Representation and hospitality expenses	(143,845)	(368.121)	(108.424)
Insurance expenses	(1,447,258)	(545,943)	(277,827)
Temporary license expenses	(96,295)	(25,511)	(118,312)
Other	(653,954)	(1,559,109)	(615,237)
	(112,241,149)	(60,480,648)	(50,397,798)

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

23. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	31 December 2021	31 December 2020	31 December 2019
(Assets related to current tax)/ Period profit tax liability:			
Provision for current corporate tax	91,186,891	18,295,783	11,923,849
Less: Prepaid taxes and funds	(27,175,728)	(11,958,538)	(11,262,893)
	64,011,163	6,337,245	660,956

The tax expense comprises of:	1 January-31 December 2021	1 January-31 December 2020	1 January-31 December 2019
Current period tax expense	(91,186,891)	(18,295,783)	(11,923,849)
Deferred tax income / (expense)	1,024,921	(1,005,000)	4,075,498
	(90,161,970)	(19,300,783)	(7,848,351)

Corporate Tax

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting exempt income, non-deductible income and other reductions (accumulated losses, if any, and investment deductions utilized, if preferred).

In Turkey, the orporate tax rate is 20%. However, within the scope of the Law No. 7316 on the "Law on the Collection of Public Claims and Amendments to Some Laws" published in the Official Gazette dated 22 April 2021, this rate will be applied as 25% for the corporate earnings of the corporations for the 2021 taxation period, and as 23% for the corporate earnings of the 2022 taxation period (31 December 2020: 22%, 31 December 2019: 22%), starting from the declarations that must be submitted as of 1 July 2021.

Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and they are given below.

The tax rate used in the calculation of deferred tax assets and liabilities is 23% (2020: 22%) over temporary timing differences expected to reverse in 2022, and 20% over temporary timing differences expected to reverse after 2022 (2020 : 22%, 2019: 22% 20%).

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

23. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Deferred Tax (cont'd)

Movement tables of deferred tax assets / (liabilities) for the periods ending on 31 December 2021, 31 December 2020 and 31 December 2019 are given below:

Deferred tax assets / (liabilities):	31 December 2021	31 December 2020	31 December 2019
Net difference between the book values of property, plant and equipment and intangible assets and their tax bases (*)	(4.174.089)	(6.233.030)	(6.367.715)
Adjustments related to derivative instruments	454.456	99.230	-
Provision for inventory impairment	122.085	71.003	-
Discount of receivables and payables	(4.341.701)	(2.029.726)	(984,108)
Expected credit loss provisions	1.688.773	453.457	763,874
Provisions for severance pay	721,105	562.222	387,085
Provision for premium	4,577.000	-	34,412
Provision for vacation	281.907	140.271	83,488
Adjustments related to currency valuation differences	(4,093.377)	-	-
Other	644.953	105.211	247.810
	(4.118.888)	(6,831.362)	(5,835.154)

(*) The Company revalued its immovables and other property, plant and equipment subject to depreciation in its financial statements prepared in accordance with the Tax Procedure Law (TPL), and as a result of this transaction, a value increase fund amounting to TL 38,493,209 was recognized. This transaction has been adjusted in the financial statements prepared in accordance with Turkish Financial Reporting Standards (TFRS), and as a result, deferred tax assets amounting to TL 5,486,983 have been recognized.

Movement tables of deferred tax assets / (liabilities) for the periods ending on 31 December 2021, 31 December 2020 and 31 December 2019 are given below:

Movements of deferred tax asset / (liability) :	1 January-31 December 2021	1 January-31 December 2020	1 January-31 December 2019
Opening balance as of 1 January	(6.831.362)	(5.835.154)	(9.941.622)
Recognized in the profit or loss statement	1.024.921	(1.005.000)	4,075.498
Recognized under equity	1,687.553	8.792	11.176
Period movements caused by loss of control	-	-	19,794
Closing balance as of the end of the period	(4.118.888)	(6.831,362)	(5.835.154)

Reconciliation of tax provision:	1 January-31 December 2021	1 January-31 December 2020	1 January-31 December 2019
Profit before tax from operations	406,585.016	99,696.726	44,070,967
Expected income tax (2021: 25%, 2020. 2019: 22%)	(101.646.254)	(21.933.280)	(9,695.613)
Tax effect:			
- Non-deductible expenses	(7.996.387)	(175.651)	(224.442)
- Investment incentives used	7.797.338	-	-
- Tax deduction due to cash capital increase	462.998	326.017	199.731
- Discounts and exceptions	6,849,104	484	2,341
- R&D discount	1.498.265	1.599.346	1.105.563
- Tax rate change effect	128,200	100,680	9,758
- Other	2.744.766	781.621	754.311
Tax provision expense in the statement of profit or loss	(90.161.970)	(19.300.783)	(7.848,351)

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

24. EARNINGS PER SHARE

Earnings per share are calculated by dividing net profit by the weighted average number of shares that have been outstanding during the year. Companies can increase their capital by distributing shares ("Bonus Shares") from accumulated profits to current shareholders. When calculating earnings per share, the issuance of bonus shares is considered to be the same as shares issued. Therefore, the weighted average number of shares, which is used when calculating the earning per share, is gained by retrospectively counting the issuance of bonus shares.

Earnings per share are determined by dividing net income of the shareholders by the weighted average number of shares that have been outstanding during the related year.

	1 January-31 December 2021	1 January-31 December 2020	1 January-31 December 2019
Profit for the period	316,423,046	80,395,943	36,222,616
Average number (full value) of shares outstanding during the period (*)	110,000,000	110,000,000	110,000,000
(Earning per share corresponding to TL 1 nominal value share)	2.877	0.731	0.329

(*) Based on the decision taken on 18 October 2021, the capital was divided into 110,000,000 shares, each worth TL 1.

25. FINANCIAL INSTRUMENTS

Financial Liabilities

Financial Borrowings	31 December 2021	31 December 2020	31 December 2019
a) Bank loans	1,033,274,121	521,806,605	181,877,616
b) Obligations under finance leases (Note 15)	3,355,629	4,124,920	4,310,648
	1,036,629,750	525,931,525	186,188,264

a) Bank Loans

			31 Aralık 2021	
Currency	Interest rate	Maturity date	Short-term	Long-term
Turkish Lira	15.75%-30.20%	2022	1.033.274.121	-
			1.033.274.121	-

			31 December 2020	
Currency	Interest rate	Maturity date	Short-term	Long-term
Turkish Lira	6.95%-18.25%	2021	378.798.672	-
Euro	0.4%-0.7%	2021	143.007.933	-
			521.806.605	-

			31 December 2019	
Currency	Interest rate	Maturity date	Short-term	Long-term
Turkish Lira	12.00%-24.50%	2020	95.752.346	-
Euro	0.65%-1.80%	2020	86.125.270	-
			181.877.616	-

The maturities of bank loans are as follows:

	31 December 2021	31 December 2020	31 December 2019
Payable within 1 year	1,033,274.121	521,806,605	181,877,616
	1,033,274,121	521.806,605	181,877,616

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

25. FINANCIAL INSTRUMENTS (cont'd)

Financial Liabilities (cont'd)

Reconciliation of liabilities arising from financing activities

Cash and non-cash changes in the Group's liabilities arising from financing activities are given in the table below.

			Non-cash exchanges		
	1 January 2021	Finance cash flows	Interest accrual	Foreign exchange movements	31 December 2021
Bank loans	521,806,605	494,743,580	2,689,011	14,034,925	1,033,274,121
	521,806,605	494,743,580	2,689,011	14,034,925	1,033,274,121

			Non-cash exchanges		
	1 January 2020	Finance cash flows	Interest accrual	Foreign exchange movements	31 December 2020
Bank loans	181,877,616	295,895,042	10,179,307	33,854,640	521,806,605
	181,877,616	295,895,042	10,179,307	33,854,640	521,806,605

			Non-cash exchanges		
	1 January 2019	Finance cash flows	Interest accrual	Foreign exchange movements	31 December 2019
Bank loans	280,000,187	(141,783,100)	8,252,346	6,250,672	181,877,616
	280,000,187	(141,783,100)	8,252,346	6,250,672	181,877,616

Financial Investments

The details of the Group's financial investments as of 31 December 2021, 31 December 2020 and 31 December 2019 are as follows:

a) Short-term Financial Investements

Financial Assets at Amortized Value

	31 December 2021	31 December 2020	31 December 2019
Investment funds	31,337,870	46,210,666	-
	31.337.870	46.210.666	-

b) Long-term Financial Investements

	31 December 2021	31 December 2020	31 December 2019
Kimpur Rus and Cis Ltd. Company	228,300	228,300	228,300
	228.300	228,300	228,300

Derivative Instruments

Classification of derivative instruments

Derivative instruments that are held for speculative purposes and that do not meet hedge accounting requirements are classified as "held for trading" and the fair value changes of these instruments are recognized in profit or loss. Assets related to derivative instruments that are expected to close within 12 months following the balance sheet date are presented as current assets and liabilities are presented as current liabilities.

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

25. FINANCIAL INSTRUMENTS (cont'd)

Derivative Instruments (cont'd)

	31 December 2021	31 December 2020	31 December 2019
Derivative financial liabilities			
Presentation of derivative instruments fair value through profit or loss:			
Forward foreign exchange contracts	(1,975,895)	(10,051,370)	-
	(1,975,895)	**(10,051,370)**	**-**

Amounts recognized in profit or loss

The following amounts are reflected in profit or loss regarding forward foreign currency purchase/sale contracts during the year:

	1 January-31 December 2021	1 January-31 December 2020	1 January-31 December 2019
Net foreign exchange losses presented in other expenses	(1,975,895)	(10,051,370)	-

The Group did not detect any ineffectiveness regarding interest rate swap agreements in the years 31 December 2021, 31 December 2020 and 31 December 2019.

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Group's main financial instruments consist of bank loans, cash and short-term deposits. The main purpose of these financial instruments is to finance the Group's operations. The Group also has other financial instruments, such as trade payables and trade receivables, arising directly from its operations.

a) Capital risk management

The Group's objectives when managing capital are to maintain the most appropriate capital structure and to ensure the continuity of the Group's operations in order to benefit its shareholders and reduce the cost of capital.

As of 31 December 2021, 31 December 2020 and 31 December 2019, net debt to total capital ratio calculated by deducting cash and cash equivalents and short-term financial investments from financial liabilities, divided by total capital is as follows:

	31 December 2021	31 December 2020	31 December 2019
Financial Debts	1,036,629,750	525,931,525	186,188,264
Less: Cash and Cash Equivalents	(522,234,256)	(281,177,515)	(53,233,548)
Net Debt	514,395,494	244,754,010	132,954,716
Total Equity	564,109,134	275,458,979	207,940,585
Total Capital	1,078,504,628	520,212,989	340,895,301
Net Debt/Total Capital Ratio	48%	47%	39%

b) Financial Risk Factors

The main risks posed by the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Group Management and Board of Directors examines and accepts the policies regarding the management of the following risks. The Group also considers the market value risk of all its financial instruments.

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Factors (cont'd)

b.1) Credit risk management (cont'd)

Details of credit risk by class of financial instruments

	Receivables				
	Trade Receivables		Other Receivables		
31 December 2021	Related Party	Other	Related Party	Other	Deposits at Banks
Maximum credit risk exposed as of balance sheet date (A+B+C+D) (*)	5,094,156	1,060,297,049	3,895,777	2,921,968	522,121,419
- Secured portion of the maximum credit risk by guarantees (**)	-	32,763,400	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	5,094,156	902,667,923	3,895,777	2,921,968	522,121,419
B. Net book value of financial assets that are past due but not impaired	-	136,288,554	-	-	-
- Secured portion of the maximum credit risk by guarantees (**)	-	3,669,563	-	-	-
C. Net book value of the impaired assets					
- Past due (gross amount)	-	21,340,572	-	-	-
- Impairment (-)	-	(21,340,572)	-	-	-
- Secured portion of the net book value by guarantees, etc.	-	-	-	-	-
- Not past due (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion of the net book value by guarantees, etc.	-	-	-	-	-
D. Off-balance sheet items include credit risk	-	-	-	-	-

(*) The factors that increase the credit reliability, such as guarantees received are not considered in the determination of the balance.
(**) Guarantees consist of guarantee letters, guarantee notes and guarantee checks obtained from the customers.

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Factors (cont'd)

b.1) Credit risk management (cont'd)

Details of credit risk by class of financial instruments

	Receivables				
	Trade Receivables		**Other Receivables**		
31 December 2020	**Related Party**	**Other**	**Related Party**	**Other**	**Deposits at Banks**
Maximum credit risk exposed as of balance sheet date (A+B+C+D) (*)	4,926,262	482,867,485	7,789,054	984,518	281,150,702
- Secured portion of the maximum credit risk by guarantees (**)	-	38,970,013	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	4,926,262	430,172,164	7,789,054	984,518	281,150,702
B. Net book value of financial assets that are past due but not impaired	-	39,474,627	-	-	-
- Secured portion of the maximum credit risk by guarantees (**)	-	414,311	-	-	-
C. Net book value of the impaired assets					
- Past due (gross amount)	-	13,220,694	-	-	-
- Impairment (-)	-	(13,220,694)	-	-	-
- Secured portion of the net book value by guarantees, etc.	-	-	-	-	-
- Not past due (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion of the net book value by guarantees, etc.	-	-	-	-	-
D. Off-balance sheet items include credit risk	-	-	-	-	-

(*) The factors that increase the credit reliability, such as guarantees received are not considered in the determination of the balance.
(**) Guarantees consist of guarantee letters, guarantee notes and guarantee checks obtained from the customers.

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Factors (cont'd)

b.1) Credit risk management (cont'd)

Details of credit risk by class of financial instruments

	Receivables				
	Trade Receivables		Other Receivables		
31 December 2019	Related Party	Other	Related Party	Other	Deposits at Banks
Maximum credit risk exposed as of balance sheet date (A+B+C+D) (*)	7,456,295	303,719,544	2,974,502	1,449,512	53,216,060
- Secured portion of the maximum credit risk by guarantees (**)	-	13,480,720	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	7,456,295	216,646,677	266,337	1,449,512	53,216,060
B. Net book value of financial assets that are past due but not impaired	-	76,226,074	-	-	-
- Secured portion of the maximum credit risk by guarantees (**)	-	305,702	-	-	-
C. Net book value of the impaired assets					
- Past due (gross amount)	-	10,846,793	-	-	-
- Impairment (-)	-	(10,846,793)	-	-	-
- Secured portion of the net book value by guarantees, etc.	-	-	-	-	-
- Not past due (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion of the net book value by guarantees, etc.	-	-	-	-	-
D. Off-balance sheet items include credit risk	-	-	-	-	-

(*) The factors that increase the credit reliability, such as guarantees received are not considered in the determination of the balance.
(**) Guarantees consist of guarantee letters, guarantee notes and guarantee checks obtained from the customers.

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Factors (cont'd)

b.1) Credit risk management (cont'd)

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. Financial instruments of the Group that may cause significant concentration of credit risk mainly consist of cash and cash equivalents and trade receivables. The maximum credit risk that the Group may be exposed to is the amounts reflected in the financial statements.

The Group has cash and cash equivalents in various financial institutions. The Group manages the said risk by constantly evaluating the reliability of the financial institutions it is in contact with.

The credit risk that may arise from trade receivables is limited due to the high customer volume and the Group Management's limited amount of credit applied to customers.

b.2) Liquidity risk management

Liquidity risk is the risk that a company will not be able to meet its funding needs. The Group aims to ensure the continuity and variability of cash inflows through long-term bank loans.

The table below shows the maturity distribution of the Group's non-derivative and derivative financial liabilities. The tables below have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

31 December 2021

Contract terms	Book value	Total Contracted Cash Outflows (I+II+III+IV)	Less than 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	5 years + (IV)
Non-derivative financials liabilities						
Bank loans	1,033,274,121	1,188,265,240	484,918,257	703,346,983	-	-
Lease liabilities	3,355,629	5,031,189	355,838	1,175,513	3,163,838	336,000
Trade payables	440,164,671	440,164,671	440,164,671	-	-	-
Payables related to employee benefits	2,091,462	2,091,462	2,091,462	-	-	-
Other payables	165,252	165,252	165,252	-	-	-
Total liability	1,479,051,135	1,635,717,814	927,695,480	704,522,496	3,163,838	336,000

31 December 2020

Contract terms	Book value	Total Contracted Cash Outflows (I+II+III+IV)	Less than 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	5 years + (IV)
Non-derivative financials liabilities						
Bank loans	521,806,605	555,603,617	226,735,857	328,867,760	-	-
Lease liabilities	4,124,920	7,740,175	479,883	1,523,806	5,115,512	620,974
Trade payables	205,972,754	205,972,754	205,972,754	-	-	-
Payables related to employee benefits	671,355	671,355	671,355	-	-	-
Other payables	5,108	5,108	5,108	-	-	-
Total liability	732,580,742	769,993,009	433,864,957	330,391,566	5,115,512	620,974

31 December 2019

Contract terms	Book value	Total Contracted Cash Outflows (I+II+III+IV)	Less than 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	5 years + (IV)
Non-derivative financials liabilities						
Bank loans	181,877,616	185,688,132	120,718,585	64,969,547	-	-
Lease liabilities	4,310,648	9,697,387	536,744	1,596,709	6,149,401	1,414,533
Trade payables	148,494,645	148,494,645	148,494,645	-	-	-
Other payables	598,801	598,801	598,801	-	-	-
Payables related to employee benefits	608,307	608,307	608,307	-	-	-
Total liability	335,890,017	345,087,272	270,957,082	66,566,256	6,149,401	1,414,533

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Factors (cont'd)

b.3) Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Market risk exposures are supplemented by sensitivity analysis.

b.3.1) Foreign currency risk management

Transactions denominated in foreign currencies result in foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary / non-monetary assets and monetary / non-monetary liabilities at the reporting period are as follows:

	31 December 2021		
	TL Equivalent	**US Dollar**	**Euro**
1. Trade Receivable	437,547,273	6,742,352	23,045,362
2. Monetary Financial Assets	539,803,771	27,602,575	11,393,416
3. Other	19,527,365	634,419	733,838
4. CURRENT ASSETS	**996,878,409**	**34,979,346**	**35,172,616**
5. Other	-	-	-
6. NON-CURRENT ASSETS	-	-	-
7. TOTAL ASSETS (4+6)	**996,878,409**	**34,979,346**	**35,172,616**
8. Trade Payables	328.298.143	10.797.289	12.221.432
9. Financial Liabilities	-	-	-
10. SHORT-TERM LIABILITIES	**328,298,143**	**10,797,289**	**12,221,432**
11. LONG-TERM LIABILITIES	-	-	-
12. TOTAL LIABILITIES (10+11)	**328,298,143**	**10,797,289**	**12,221,432**
13. Net foreign currency asset liability position (7+12)	**668,580,266**	**24,182,057**	**22,951,184**

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Factors (cont'd)

b.3) Market risk management (cont'd)

b.3.1) Foreign currency risk management (cont'd)

	31 December 2020		
	TL Equivalent	**US Dollar**	**Euro**
1. Trade Receivable	154,143,533	4,967,164	13,064,318
2. Monetary Financial Assets	197,949,756	3,636,895	19,011,437
3. Other	713,276	-	79,183
4. CURRENT ASSETS	**352,806,565**	**8,604,059**	**32,154,938**
5. Other	-	-	-
6. NON-CURRENT ASSETS	-	-	-
7. TOTAL ASSETS (4+6)	**352,806,565**	**8,604,059**	**32,154,938**
8. Trade Payables	187,638,163	6,525,872	15,512,495
9. Financial Liabilities	143,007,933	-	15,875,835
10. SHORT-TERM LIABILITIES	**330,646,096**	**6,525,872**	**31,388,330**
11. LONG-TERM LIABILITIES	-	-	-
12. TOTAL LIABILITIES (10+11)	**330,646,096**	**6,525,872**	**31,388,330**
13. Net foreign currency asset liability position (7+12)	**22,160,469**	**2,078,187**	**766,608**

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Factors (cont'd)

b.3) Market risk management (cont'd)

b.3.1) Foreign currency risk management (cont'd)

	31 December 2019		
	TL Equivalent	**US Dollar**	**Euro**
1. Trade Receivable	57,581,474	3,541,069	5,495,266
2. Monetary Financial Assets	21,210,175	1,705,393	1,665,985
3. Other	3,007,755	412,088	84,183
4. CURRENT ASSETS	**81,799,404**	**5,658,550**	**7,245,434**
5. Other	-	-	-
6. NON-CURRENT ASSETS	-	-	-
7. TOTAL ASSETS (4+6)	**81,799,404**	**5,658,550**	**7,245,434**
8. Trade Payables	137,663,838	10,089,418	11,687,770
9. Financial Liabilities	86,125,270	-	12,950,000
10. SHORT-TERM LIABILITIES	**223,789,108**	**10,089,418**	**24,637,770**
11. LONG-TERM LIABILITIES	-	-	-
12. TOTAL LIABILITIES (10+11)	**223,789,108**	**10,089,418**	**24,637,770**
13. Net foreign currency asset liability position (7+12)	**(141,989,704)**	**(4,430,867)**	**(17,392,335)**

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar and EURO.

The following table details the Group's sensitivity to a 20% (2020: 20%) increase and decrease in US Dollar and EURO against TL. 20% (2020: 20%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% (2020: 20%) change in foreign currency rates. A positive value below indicates an increase in profit or equity.

	31 December 2021			
	Profit/Loss		**Equity**	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
20% appreciation/ depreciation US Dollar against TL				
1-US Dollar net assets / liabilities	64,464,528	(64,464,528)	64,464,528	(64,464,528)
2-Hedged portion from USD risk (-)	-	-	-	-
3-US Dollar net effect (1+2)	**64,464,528**	**(64,464,528)**	**64,464,528**	**(64,464,528)**
20% appreciation/ depreciation EURO against TL				
4-EURO net asset / liability	69,251,526	(69,251,526)	69,251,526	(69,251,526)
5-Hedged portion from EURO risk (-)	-	-	-	-
6-Euro net effect (4+5)	**69,251,526**	**(69,251,526)**	**69,251,526**	**(69,251,526)**
Total (3+6)	**133,716,054**	**(133,716,054)**	**133,716,054**	**(133,716,054)**

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Factors (cont'd)

b.3) Market risk management (cont'd)

b.3.1) Foreign currency risk management (cont'd)

	31 December 2020			
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
20% appreciation/ depreciation US Dollar against TL				
1-US Dollar net assets / liabilities	3,050,987	(3,050,987)	3,050,987	(3,050,987)
2-Hedged portion from USD risk (-)	-	-	-	-
3-US Dollar net effect (1+2)	**3,050,987**	**(3,050,987)**	**3,050,987**	**(3,050,987)**
20% appreciation/ depreciation EURO against TL				
4-EURO net asset / liability	1,381,106	(1,381,106)	1,381,106	(1,381,106)
5-Hedged portion from EURO risk (-)	-	-	-	-
6-Euro net effect (4+5)	**1,381,106**	**(1,381,106)**	**1,381,106**	**(1,381,106)**
Total (3+6)	**4,432,093**	**(4,432,093)**	**4,432,093**	**(4,432,093)**

	31 December 2019			
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
20% appreciation/ depreciation US Dollar against TL				
1-US Dollar net assets / liabilities	(5,264,049)	5,264,049	(5,264,049)	5,264,049
2-Hedged portion from USD risk (-)	-	-	-	-
3-US Dollar net effect (1+2)	**(5,264,049)**	**5,264,049**	**(5,264,049)**	**5,264,049**
20% appreciation/ depreciation EURO against TL				
4-EURO net asset / liability	(23,133,893)	23,133,893	(23,133,893)	23,133,893
5-Hedged portion from EURO risk (-)	-	-	-	-
6-Euro net effect (4+5)	**(23,133,893)**	**23,133,893**	**(23,133,893)**	**23,133,893**
Total (3+6)	**(28,397,942)**	**28,397,942**	**(28,397,942)**	**28,397,942**

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Factors (cont'd)

b.3) Market risk management (cont'd)

b.3.1) Foreign currency risk management (cont'd)

Foreign exchange forward contracts

It is the policy of the Group to enter into foreign exchange forward contracts to manage the foreign currency risk associated with anticipated sales and purchase transactions out to 12 months.

The following tables detail the foreign currency forward contracts outstanding at the end of the reporting period, as well as information regarding their related hedged items. Accruals related to foreign currency forward contracts are presented as "Derivative instruments" in the statement of financial position (Note: 25).

Hedging instruments	Average exchange rate		Nominal amount Foreign currency		Nominal amount Turkish lira		Fair value change of ineffective portion according to hedge accounting	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Cash flow hedge								
USD purchase								
Less than 3 months	13.6896	-	3,995,000	-	51,979,080	-	3,358,000	-
3-6 months	16.5914	-	2,095,000	-	33,821,860	-	(4,176,133)	-
			6,090,000	-	85,800,940	-	(818,133)	-
EUR purchase								
6-12 months	17.7537	7.2218	833,635	5,107,873	15,206,185	36,888,036	(1,157,762)	(10,051,370)
			833,635	5,107,873	15,206,185	36,888,036	(1,157,762)	(10,051,370)

b.3.2) Interest rate risk management

The Group's borrowing at fixed and floating interest rates exposes the Group to interest rate risk. These risks are managed using natural methods that emerge as a result of netting assets and liabilities related to interest rates. Interest rates of financial assets and liabilities are stated in the related notes.

Interest rate sensitivity

Details of the Group's interest rates of financial assets and liabilities are stated below:

	31 December 2021	31 December 2020	31 December 2019
Fixed-Rate Instruments			
Financial Assets	479,072,880	78,100,000	41,359,658
Financial Liabilities	149,269,750	525,931,525	186,188,264
Floating-Rate Financial Instruments			
Financial Liabilities	887,360,000	-	-

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

27. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES)

Classes and fair values of financial instruments

31 December 2021	Financial assets at amortized value	Financial liabilities at amortized value	Financial instruments at fair value through profit or loss	Book Value	Note
Financial assets					
Cash and cash equivalents	522,234,256	-	-	522,234,256	29
Financial investments	31,337,870	-	228,300	31,566,170	25
Trade receivables	1,065,391,205	-	-	1,065,391,205	5
Other receivables	6,817,745	-	-	6,817,745	6
Derivative Instruments	-	-	3,749,135	3,749,135	25
Financial liabilities					
Financial payables	-	1,033,274,121	-	1,033,274,121	25
Trade payables	-	441,136,010	-	441,136,010	5
Lease liabilities	-	3,355,629	-	3,355,629	15
Payables related to Employee Benefits	-	2,091,462	-	2,091,462	13
Other payables	-	165,252	-	165,252	6
Derivative Instruments	-	-	5,725,030	5,725,030	25

31 December 2020	Financial assets at amortized value	Financial liabilities at amortized value	Financial instruments at fair value through profit or loss	Book Value	Note
Financial assets					
Cash and cash equivalents	281,177,515	-	-	281,177,515	29
Financial investments	46,210,666	-	228,300	46,438,966	25
Trade receivables	487,793,747	-	-	487,793,747	5
Other receivables	8,773,572	-	-	8,773,572	6
Financial liabilities					
Financial payables	-	521,806,605	-	521,806,605	25
Trade payables	-	205,972,754	-	205,972,754	5
Lease liabilities	-	4,124,920	-	4,124,920	15
Payables related to Employee Benefits	-	671,355	-	671,355	13
Other payables	-	5,108	-	5,108	6
Derivative Instruments	-	-	10,051,370	10,051,370	25

31 December 2019	Financial assets at amortized value	Financial liabilities at amortized value	Financial instruments at fair value through profit or loss	Book Value	Note
Financial assets					
Cash and cash equivalents	53,233,548	-	-	53,233,548	29
Financial investments	-	-	228,300	228,300	25
Trade receivables	311,175,839	-	-	311,175,839	5
Other receivables	4,424,014	-	-	4,424,014	6
Financial liabilities					
Financial payables	-	181,877,616	-	181,877,616	25
Trade payables	-	148,494,645	-	148,494,645	5
Lease liabilities	-	4,310,648	-	4,310,648	15
Payables related to Employee Benefits	-	608,307	-	608,307	13
Other payables	-	598,801	-	598,801	6

28. EVENTS AFTER THE REPORTING PERIOD

According to the Law No. 7352 Amendments to the Tax Procedure Law and the Corporate Tax Law published in the Official Gazette dated 29 January 2022 and numbered 31734, the application of inflation adjustment in the statutory books based on the Tax Procedure Law was postponed to 31 December 2023.

In addition, with the temporary article 14 added to the Corporate Tax Law with the 2nd article of the same Law, an exemption is provided for the profit obtained from the translation of the foreign currencies and gold accounts of the institutions into Turkish Lira deposit and participation accounts.

According to the regulation, in the event that the institutions convert their foreign currencies in their balance sheets as at 31 December 2021 into Turkish Lira until the date of submission of the declaration for fourth provisional tax period (17 February 2022), and the Turkish Lira asset obtained is valued in Turkish Lira deposit and participation accounts in the time and manner stipulated in the Provisional Article 14, the portion of the exhange gains arising from the period-end valuation of foreign currencies corresponding to the period between 1 October 2021 and 31 December 2021 and exhange gains regarding the accounts converted into Turkish Lira until the submission of the declaration for the fourth temporary tax period of 2021 (17 February 2022) and interest and profit shares and other gains obtained at the end of maturity, including foreign exchange gains arising from the period-end valuation of the related accounts, will be exempt from corporate tax. This issue is considered as non-adjusting events according to TAS 10 "Events After the Reporting Period" in the accompanying financial statements. Within the scope of the regulation, the Company has provided a tax advantage of TL 4,529,526 for 2021 and has not reflected the amount in its accompanying financial statements.

As registered in the Trade Registry Gazette dated 14 February 2022 and numbered 10516, the capital of Kimplast Granül Sanayi ve Ticaret A.Ş., which is the subsidiary of the Company, has been increased from TL 2,500,000 to TL 7,500,000. The share of the Group on the partnership increased from 50.00% to 83.33%.

With the Board of Directors Decision dated 31 January 2022, it was decided to purchase 74.9966% shares of Kimpur Europe with a nominal value of 1 Euro per share for a total of EUR 602,073.

29. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020	31 December 2019
Cash on hand	55,690	26,813	17,488
Cash at banks	522,121,419	281,150,702	53,216,060
Demand deposits	43,048,539	203,050,702	11,856,402
Time deposits with a maturity of less than three months	479,072,880	78,100,000	41,359,658
Other current assets	57,147	-	-
	522,234,256	281,177,515	53,233,548

Explanations on the nature and level of risks in cash and cash equivalents are explained in Note 26. As of 31 December 2021, the Group has no blocked deposits (31 December 2020: None, 31 December 2019: None). Effective interest rates of USD time deposits as at 31 December 2021 are 0.25%- 2.00% per annum, 0.05%- 2.00% for EUR and 14.00%-24.00% for TL, (31 December 2020: between 17.5% and 19% for TL, 31 December 2019: between 10.00% and 14.00% for TL) and maturity dates range from 3 to 28 days (31 December 2020: 4 days, 31 December 2019: 21 days).