

**Kordsa Teknik Tekstil A.Ş. and
Its Subsidiaries**

Convenience Translation into English of the
Condensed Consolidated Financial Statements
for the Interim Period
1 January-30 June 2021 together with
Independent Auditor's Report on Review of
Interim Financial Information

(Originally Issued in Turkish)



KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
Levent 34330 İstanbul
Tel +90 212 316 6000
Fax +90 212 316 6060
www.kpmg.com.tr

Independent Auditor's Report on Review of Condensed Interim Financial Information

To the Board of Directors of Kordsa Teknik Tekstil Anonim Şirketi

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Kordsa Teknik Tekstil Anonim Şirketi (the "Company") and its subsidiaries (the "Group") as at 30 June 2021, and the condensed consolidated statements of profit or loss, statement of other comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standard 34 *Interim Financial Reporting* ("TAS 34") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with TAS 34.

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



Hakan Ölekli, SMMM

Partner

10 August 2021

İstanbul, Turkey

INDEX	PAGE
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	1-2
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS.....	3
CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	4
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	5
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	6
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	7-47
NOTE 1 ORGANIZATION AND OPERATIONS OF THE GROUP	7-8
NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS	9-18
NOTE 3 SEGMENT REPORTING.....	19-20
NOTE 4 CASH AND CASH EQUIVALENTS.....	20
NOTE 5 BORROWINGS	20-22
NOTE 6 TRADE RECEIVABLES	22-23
NOTE 7 OTHER RECEIVABLES AND PAYABLES.....	23
NOTE 8 INVENTORIES	24
NOTE 9 PROPERTY, PLANT AND EQUIPMENT	25-26
NOTE 10 INTANGIBLE ASSETS	27-28
NOTE 11 RIGHT OF USE ASSETS.....	29
NOTE 12 INVESTMENT PROPERTIES	30
NOTE 13 GOODWILL	30
NOTE 14 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	31-32
NOTE 15 SALES AND COST OF GOODS SOLD.....	33
NOTE 16 EXPENSES BY NATURE	33
NOTE 17 OTHER OPERATING INCOME AND EXPENSES.....	33-34
NOTE 18 INCOME AND EXPENSE FROM INVESTING ACTIVITIES	34
NOTE 19 INCOME AND EXPENSE FROM FINANCE ACTIVITIES	34
NOTE 20 TAXATION ON INCOME.....	35-36
NOTE 21 EARNING PER SHARE	37
NOTE 22 RELATED PARTY DISCLOSURES.....	37-39
NOTE 23 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS.....	39-46
NOTE 24 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	46
NOTE 25 INTERESTS IN OTHER ENTITIES	46-47
NOTE 26 EVENTS AFTER THE REPORTING PERIOD.....	47

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021 AND 31 DECEMBER 2020
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Reviewed 30 June 2021	Audited 31 December 2020
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	354.039.895	449.892.785
Financial Investments		112	94
Trade Receivables	6	1.436.838.322	1.091.112.135
<i>Due from Related Parties</i>	22	80.378.946	64.199.658
<i>Due from Third Parties</i>		1.356.459.376	1.026.912.477
Other Receivables	7	114.507.559	24.917.348
<i>Other Receivables from Third Parties</i>		114.507.559	24.917.348
Derivatives	23	304.834	80.336
Inventories	8	1.554.241.199	1.225.312.596
Prepayments		93.972.195	47.869.885
<i>Prepayments to Third Parties</i>		93.972.195	47.869.885
Current Tax Assets	20	-	4.592.257
Other Current Assets		53.553.932	42.843.890
<i>Other Current Assets from Third Parties</i>		53.553.932	42.843.890
Subtotal		3.607.458.048	2.886.621.326
Assets Held for Sale		2.488.602	2.925.808
Current Assets		3.609.946.650	2.889.547.134
Non-Current Assets			
Financial Investments		586.920	644.844
Other Receivables	7	30.454.953	26.983.471
Investment Properties	12	207.541.015	175.005.149
Property, Plant and Equipment	9	2.734.327.532	2.471.989.980
Right of Use Assets	11	140.097.502	95.889.622
Intangible Assets		2.097.347.689	1.794.796.193
<i>Goodwill</i>	13	1.086.581.787	923.388.013
<i>Other Intangible Assets</i>	10	1.010.765.902	871.408.180
Prepayments		3.619.248	5.156.261
<i>Prepayments to Third Parties</i>		3.619.248	5.156.261
Deferred Tax Assets	20	95.044.352	72.477.097
Other Non-Current Assets		93.904.201	72.188.816
Non-Current Assets		5.402.923.412	4.715.131.433
Total Assets		9.012.870.062	7.604.678.567

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

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021 AND 31 DECEMBER 2020
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Reviewed 30 June 2021	Audited 31 December 2020
LIABILITIES			
Short Term Liabilities			
Short Term Loans and Borrowings	5	1.431.648.247	1.204.531.453
Short Term Portion of Long Term Loans and Borrowings	5	476.356.999	462.887.549
Short Term Lease Liabilities	5	14.057.108	9.046.298
Trade Payables		876.817.030	664.286.332
<i>Due to Related Parties</i>	22	15.828.927	21.015.047
<i>Due to Third Parties</i>		860.988.103	643.271.285
Payables Related to Employee Benefits		24.321.805	14.944.441
Other Payables	7	45.744.267	36.756.822
<i>Other Payables to Third Parties</i>		45.744.267	36.756.822
Deferred Revenue		14.672.256	15.910.941
<i>Deferred Revenue from Third Parties</i>		14.672.256	15.910.941
Current Tax Liabilities	20	18.865.726	-
Short Term Provisions		56.082.833	30.819.162
<i>Short Term Employee Benefits</i>		56.082.833	30.819.162
Other Short Term Liabilities		122.625.100	85.088.738
<i>Other Current Liabilities to Third Parties</i>		122.625.100	85.088.738
Derivative financial instruments	23	14.239.559	7.788.431
Subtotal		3.095.430.930	2.532.060.167
Liability directly associated with the assets held for sale		3.814.144	4.026.883
Total short term liabilities		3.099.245.074	2.536.087.050
Long term liabilities			
Long term borrowings	5	1.067.384.194	1.210.728.658
Long Term Lease Liabilities	5	135.405.468	92.065.626
Other Payables	7	13.769.899	8.529.941
<i>Other Payables to Third Parties</i>		13.769.899	8.529.941
Long Term Provisions		121.360.683	115.952.470
<i>Long Term Employee Benefits</i>		112.317.469	106.972.412
<i>Other Long Term Provisions</i>		9.043.214	8.980.058
Deferred Tax Liabilities	20	380.923.842	319.250.750
Other Long Term Liabilities		53.528.261	43.941.705
Total Long Term Liabilities		1.772.372.347	1.790.469.150
Total Liabilities		4.871.617.421	4.326.556.200
Shareholder's Equity			
Equity Attributable to Owners of the Company		3.340.227.040	2.581.125.002
Share Capital		194.529.076	194.529.076
Share Premium		62.052.856	62.052.856
Put option valuation fund on non-controlling interest		(40.146.194)	(32.956.277)
Other Comprehensive Income or Expenses That Will Not Be Reclassified to Profit or (Loss)		34.753.901	35.051.577
<i>Revaluation and Remeasurement Gain / (Loss)</i>		(5.273.196)	(4.975.520)
<i>Defined benefit plans remeasurement fund</i>		(5.273.196)	(4.975.520)
<i>Revaluation and reclassification gain /(loss)</i>		40.027.097	40.027.097
<i>Other revaluation and reclassification gain/(loss)</i>		40.027.097	40.027.097
Other comprehensive income or expenses that will be reclassified to profit or (loss)		1.390.220.963	980.651.525
<i>Currency translation difference</i>		1.953.794.985	1.446.673.822
<i>Gain/loss on hedge reserve</i>		(563.303.871)	(465.752.146)
<i>Investment hedging losses related to foreign operations</i>		(561.479.965)	(460.823.751)
<i>Cash flow hedge gains/loss</i>		(1.823.906)	(4.928.395)
<i>Revaluation and reclassification gain/(loss)</i>		(270.151)	(270.151)
<i>Other Financial Assets Fair Value</i>		(270.151)	(270.151)
Restricted Reserves		171.866.392	171.866.392
Retained Earnings		1.169.929.853	1.016.959.255
Profit for the period		357.020.193	152.970.598
Non-Controlling Interests	25	801.025.601	696.997.365
Total Equity		4.141.252.641	3.278.122.367
Total Liabilities and Equity		9.012.870.062	7.604.678.567

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

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF
PROFIT OR LOSS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021 AND 2020
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Reviewed 1 January- 30 June 2021	Unreviewed 1 April- 30 June 2021	Reviewed 1 January- 30 June 2020	Unreviewed 1 April- 30 June 2020
PROFIT or LOSS					
Revenue	15	3.202.896.924	1.688.674.023	2.006.534.475	807.564.335
Cost of Sales	15,16	(2.465.376.300)	(1.303.153.424)	(1.644.592.824)	(660.866.366)
GROSS PROFIT		737.520.624	385.520.599	361.941.651	146.697.969
General and Administrative Expenses	16	(167.603.695)	(90.643.291)	(132.869.585)	(63.135.443)
Marketing Expenses	16	(152.002.983)	(82.790.194)	(86.998.324)	(34.242.750)
Research and Development Expenses	16	(19.558.925)	(10.545.515)	(9.718.881)	(5.003.201)
Other Income From Operating Activities	17	204.738.423	143.112.489	82.410.605	43.199.917
Other Expense From Operating Activities	17	(60.272.986)	(34.436.385)	(23.274.006)	(11.757.443)
OPERATING PROFIT		542.820.458	310.217.703	191.491.460	75.759.049
Income From Investing Activities	18	3.949.505	1.942.992	6.478.001	5.368.031
Expenses From Investing Activities	18	(874.384)	(387.420)	(395.298)	(291.484)
OPERATING PROFIT BEFORE FINANCIAL EXPENSE		545.895.579	311.773.275	197.574.163	80.835.596
Finance Income	19	44.436.721	17.979.530	78.147.269	57.278.769
Finance Expense	19	(145.541.100)	(65.280.811)	(188.620.088)	(118.326.992)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		444.791.200	264.471.994	87.101.344	19.787.373
Tax Expense From Continuing Operations		(48.006.619)	(14.591.116)	(12.066.957)	(6.571.942)
<i>Current Tax Expense</i>	20	<i>(37.285.045)</i>	<i>(24.189.998)</i>	<i>(6.958.532)</i>	<i>(514.737)</i>
<i>Deferred Tax (Expense) / Benefit</i>	20	<i>(10.721.574)</i>	<i>9.598.882</i>	<i>(5.108.425)</i>	<i>(6.057.205)</i>
PROFIT FROM CONTINUING OPERATIONS		396.784.581	249.880.878	75.034.387	13.215.431
PROFIT/ (LOSS) FROM DISCONTINUED OPERATIONS	24	(4.201.941)	(1.752.622)	(5.957)	16.870
PROFIT FOR THE PERIOD		392.582.640	248.128.256	75.028.430	13.232.301
Profit Attributable To:					
Non-Controlling Interests		35.562.447	23.132.193	700.087	(2.134.661)
Owners of the Parent		357.020.193	224.996.063	74.328.343	15.366.962
Earnings per shares					
<i>Earnings per share from continuing operations</i>	21	18,46	11,61	3,82	0,79
<i>Loss per share from discontinuing operations</i>	21	<i>(0,11)</i>	<i>(0,05)</i>	-	-
<i>Diluted earnings per share</i>	21	18,35	11,56	3,82	0,79

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

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF OTHER
COMPREHENSIVE INCOME FOR THE SIX MONTH PERIOD 30 JUNE 2021 AND 2020
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Reviewed 1 January- 30 June 2021	Unreviewed 1 April- 30 June 2021	Reviewed 1 January- 30 June 2020	Unreviewed 1 April- 30 June 2020
PROFIT FOR THE PERIOD		392.582.640	248.128.256	75.028.430	13.232.301
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to profit or loss		(483.515)	(483.515)	(52.312)	(52.312)
<i>Defined benefit plans remeasurement fund</i>		<i>(619.891)</i>	<i>(619.891)</i>	<i>(69.749)</i>	<i>(69.749)</i>
<i>Deferred tax benefit/(expense)(*)</i>	20	<i>136.376</i>	<i>136.376</i>	<i>17.437</i>	<i>17.437</i>
Items that are or may be reclassified subsequently to profit or loss		525.781.625	167.672.090	147.939.790	112.689.743
<i>Foreign currency translation differences</i>		<i>623.698.483</i>	<i>204.974.270</i>	<i>185.511.023</i>	<i>91.213.342</i>
<i>Hedging gains/losses on investment risk related to foreign operation</i>		<i>(125.820.267)</i>	<i>(46.755.735)</i>	<i>(43.231.485)</i>	<i>17.483.359</i>
<i>Other comprehensive income related to investment hedging of foreign operation, tax effect</i>		<i>25.164.054</i>	<i>9.351.145</i>	<i>8.646.297</i>	<i>(3.496.672)</i>
<i>Hedging reserve gain/(loss)</i>		<i>3.404.520</i>	<i>(546.235)</i>	<i>(3.828.263)</i>	<i>6.759.555</i>
<i>Deferred tax benefit/(expense)(*)</i>	20	<i>(665.165)</i>	<i>648.645</i>	<i>842.218</i>	<i>730.159</i>
Total other comprehensive income		525.298.110	167.188.575	147.887.478	112.637.431
Total comprehensive income		917.880.750	415.316.831	222.915.908	125.869.732
Total comprehensive income attributable to:					
Non-controlling interests		151.588.795	58.683.637	66.718.701	21.494.312
Owners of the company		766.291.955	356.633.194	156.197.207	104.375.420

(*) Related tax of items that are or may be reclassified to profit or loss comprised of tax effect of hedge reserve and related tax of items that will not be reclassified to profit or loss comprised of tax effect of defined benefit plans remeasurement.

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

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021 AND 2020

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

				Other comprehensive income or expenses that will not be reclassified to profit or loss		Other comprehensive income or expenses that will be reclassified to profit or loss			Restricted reserves	Retained earnings				
	Share capital	Share premium	Put option valuation fund on non-controlling interest	Revaluation and remeasurement gain/(loss)		Currency translation differences	Gain/(loss) on hedge reserve	Revaluation and reclassification gain/(loss)		Retained earnings	Net profit for the year	Equity attributable to owners of the company	Non-controlling interests	Total equity
				Defined benefit plans Remeasurement fund	Other revaluation and reclassification gain/(loss)		Gain/(loss) on cash flow hedge	Other revaluation and reclassification gain/(loss)						
Balance at 1 January 2020	194.529.076	62.052.856	(25.260.958)	(3.907.502)	40.027.097	1.043.747.285	(301.459.528)	(270.151)	122.445.409	775.257.436	339.755.071	2.246.916.091	572.642.516	2.819.558.607
Transfer	-	-	-	-	-	-	-	-	49.420.976	290.334.095	(339.755.071)	-	-	-
Total comprehensive Income	-	-	-	(52.312)	-	119.492.409	(37.571.233)	-	-	-	74.328.343	156.197.207	66.718.701	222.915.908
Gains/(losses) due to other changes (***)	-	-	(4.631.527)	-	-	-	-	-	-	-	-	(4.631.527)	-	(4.631.527)
Dividend paid (**)	-	-	-	-	-	-	-	-	-	(48.632.269)	-	(48.632.269)	(4.367.443)	(52.999.712)
Balance at 30 June 2020	194.529.076	62.052.856	(29.892.485)	(3.959.814)	40.027.097	1.163.239.694	(339.030.761)	(270.151)	171.866.385	1.016.959.262	74.328.343	2.349.849.502	634.993.774	2.984.843.276
Balance at 1 January 2021	194.529.076	62.052.856	(32.956.277)	(4.975.520)	40.027.097	1.446.673.822	(465.752.146)	(270.151)	171.866.392	1.016.959.255	152.970.598	2.581.125.002	696.997.365	3.278.122.367
Transfer	-	-	-	-	-	-	-	-	-	152.970.598	(152.970.598)	-	-	-
Total comprehensive Income	-	-	-	(297.676)	-	507.121.163	(97.551.725)	-	-	-	357.020.193	766.291.955	151.588.795	917.880.750
Gains/(losses) due to other changes (***)	-	-	(7.189.917)	-	-	-	-	-	-	-	-	(7.189.917)	-	(7.189.917)
Dividend paid (**)	-	-	-	-	-	-	-	-	-	-	-	-	(47.560.559)	(47.560.559)
Balance at 30 June 2021	194.529.076	62.052.856	(40.146.194)	(5.273.196)	40.027.097	1.953.794.985	(563.303.871)	(270.151)	171.866.392	1.169.929.853	357.020.193	3.340.227.040	801.025.601	4.141.252.641

(*) In accordance with the Ordinary General Assembly Meeting for 2019 of the Group held on 25 March 2020, the company distributed a dividend of 25% gross and 21,25% net profit to shareholders representing TL 194.529.076 of the capital in accordance with their legal status, amounting to TL 48.632.269 (Per share TL 0,25 gross and TL 0,2125 net.) In accordance with the resolution, the dividend payment was made on 26 March 2020.

(**) In accordance with the Ordinary General Assembly Meeting for 2020 of the Group held on 24 March 2021, the net distributable profit for the period amounting to TL 152.970.598,00 calculated from the consolidated profit for the year 2020 after deducting legal liabilities and non-controlling interests in accordance with the CMB Legislation, in accordance with the 35th article of the articles of association and in accordance with the CMB communique, was not distributed in order to further increase the financial flexibility of the company within the framework of the current global economic conditions and it was decided to recognize as Extraordinary Reserve.

(***) The increase (decrease) due to other changes consists of the put option valuation fund of the non-controlling shares of the Group's subsidiary Axiom Materials Acquisition LLC.

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

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF
CASH FLOWS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021 AND 2020
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Reviewed 1 January- 30 June 2021	Reviewed 1 January- 30 June 2020
A. CASH FLOWS (USED IN)/ FROM BY OPERATING ACTIVITIES		370.423.531	224.521.520
CASH FLOWS FROM BY OPERATING ACTIVITIES			
Profit For The Period		392.582.640	75.028.430
Profit/(loss) for the period from continuing operations		396.784.581	75.034.387
Profit/(loss) from discontinuing operations		(4.201.941)	(5.957)
Adjustment to Reconcile Profit / (Loss) For The Period		512.745.443	368.452.096
Adjustment Related to Depreciation and Amortization Expenses	9,10,11	154.418.012	135.119.321
Adjustment Related to Impairment		1.581.206	4.589.262
Adjustments related to provision for (reversal) of doubtful receivables	6	1.453.724	1.266.136
Adjustments related to provision for (reversal) of inventory allowances	8	127.482	3.323.126
Adjustment Related Provisions		(44.794.032)	(1.221.927)
Adjustments related to provision for employee benefit provision		24.510.790	(1.221.927)
Adjustments related to provision for (reversal) of other provisions		(69.304.822)	-
Adjustment Related to Interest Income / (Expense)		57.997.286	78.563.417
Adjustment Related to Interest Income	18	(3.516.723)	(6.021.900)
Adjustment Related to Interest Expense	19	55.993.726	82.393.462
Adjustments related to unrealized finance expenses on credit purchases		(3.842.600)	(901.829)
Adjustments related to unrealized finance income on credit sales	6	9.362.883	3.093.684
Adjustments related to unrealized currency translation difference		290.670.285	123.775.966
Adjustments related to fair value changes		4.424.465	15.619.903
Adjustments related to fair value losses /(gains) of derivatives		4.424.465	15.619.903
Adjustment Related to Tax Expense	20	48.006.619	12.066.957
Adjustment Related to (Gain) / Loss on Sale of Non-Current Assets		441.602	(60.803)
Adjustments related to losses /(gains) disposal of tangible assets	18	441.602	(60.803)
Changes in Working Capital		(534.904.552)	(218.959.006)
Adjustment Related to (Increase) / Decrease in Trade Receivables		(357.453.592)	291.800.757
Adjustment Related to (Increase) / Decrease in Other Receivables From Operating Activities		(12.385.079)	(18.345.392)
Adjustment Related to (Increase) / Decrease in Inventories		(333.978.645)	(249.053.768)
Changes in Prepayments		(44.565.297)	(33.356.069)
Adjustment Related to Increase / (Decrease) in Trade Payables		216.161.972	(225.619.991)
Adjustment Related to Increase / (Decrease) in Employee Benefits		19.431.052	5.682.224
Adjustment Related to Increase / (Decrease) in Other From Operating Activities		12.195.689	27.689.088
Change in Deferred Income		(1.238.685)	2.256.222
Adjustment Related to (Increase) Decrease in Working Capital		(6.139.802)	(12.962.043)
Changes in Other Assets Related to Operating Activities		(32.367.510)	(16.257.982)
Changes in Other Liabilities Related to Operating Activities		26.227.708	3.295.939
Cash Paid Related to Employee Termination Benefits Provisions		(3.955.752)	(3.047.632)
Tax Refund / (Payments)		(13.827.063)	(3.230.291)
Net Cash Flow Related to Discontinued Operations		(9.149.350)	(772.111)
B. CASH FLOWS USED IN INVESTING ACTIVITIES		(66.362.724)	(55.614.058)
Proceeds from Sale Property, Plant and Equipment and Intangible Assets		716.304	15.540.582
Purchase of Property, Plant and Equipment and Intangible Assets		(70.595.751)	(77.176.540)
Interest Received		3.516.723	6.021.900
C. CASH FLOWS GENERATED FROM (USED IN) FINANCING ACTIVITIES		(426.219.975)	(201.135.008)
Proceeds from Borrowings	5	1.135.518.406	1.180.074.910
Cash Outflows from Borrowings	5	(1.435.869.954)	(1.260.250.190)
Cash Outflows from Lease Agreements	5	(9.924.633)	(8.053.880)
Dividends Paid		-	(48.632.269)
Interest Paid	5	(68.383.235)	(59.906.136)
Cash outflow for dividend paid to non-controlling interest and other cash outflows		(47.560.559)	(4.367.443)
NET INCREASE IN CASH AND CASH EQUIVALENT BEFORE THE CURRENCY TRANSLATION DIFFERENCE IMPACT (A+B+C)		(122.159.168)	(32.227.546)
D. IMPACT OF THE CURRENCY TRANSLATION DIFFERENCE ON CASH AND CASH EQUIVALENT		26.306.278	22.636.755
E. CASH AND CASH EQUIVALENT AT THE BEGINNING PERIOD		449.892.785	729.636.576
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD (A+B+C+D+E)		354.039.895	720.045.785

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

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 1 – ORGANISATION AND NATURE OF OPERATIONS OF THE GROUP

Kordsa Teknik Tekstil Anonim Şirketi ("Kordsa" or the "Group") was established in 1973 as a subsidiary of Hacı Ömer Sabancı Holding A.Ş. ("Sabancı Holding") in İzmit district of Kocaeli city and is registered in Turkey. The Company operates under the Turkish Commercial Code.

These consolidated financial statements include the Company and its subsidiaries (hereinafter collectively referred to as the "Group").

The Group is mainly engaged in production of carcass and industrial fabrics included in the structure of vehicle tires, manufacture of industrial fabrics included in the structure of rubber and plastic materials such as transmission belts, V belts, rubber hoses etc., production of heavy denier fibre and connection fabrics, conversion of any type of yarn into cord fabric, fabric for mechanical rubber goods and other rubber reinforcement materials and the marketing thereof, production of Nylon 6, Nylon 6.6 and PET (Polyethylene-terephthalate) HMLS (High Modulus Low Shrinkage) polyester, and rayon heavy decitex yarn for use in tires and mechanical rubber goods; participating in capitals and management of every domestic and foreign company that is founded for mainly marketing, sales, import and export along with commercial and industrial infrastructure services, transportation services, mining, tourism and construction while providing these companies with the same management and behavioural principles to operate more efficiently, rationally and profitably, in accordance with and responding to the current conditions, creating competition conditions in favour of these companies.

Kordsa changed its name which was "Kordsa Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret Anonim Şirketi", to "Kordsa Teknik Tekstil Anonim Şirketi" in accordance with the decision made at the General Assembly for the year 2016 dated 27 March 2017. The change of the title has been registered by the Registry of Commerce of Kocaeli on 10 April 2017.

Kordsa is registered with the Capital Markets Board of Turkey ("CMB") and its shares have been traded in Borsa İstanbul ("BIST") since 1986. As at 30 June 2021, 28,89% of the Group's shares are listed on BIST. As of the same date, the shareholders owning the Group's shares and the percentage of the shares are as follows:

Shareholder Structure	Shareholding %	
	30 June 2021	31 December 2020
Hacı Ömer Sabancı Holding A.Ş.	71,11	71,11
Other	28,89	28,89
	100,00	100,00

Group's main shareholder and the ultimate controlling party is Hacı Ömer Sabancı Holding A.Ş.

Average number of employees within the Group is 4.587 (31 December 2020: 4.499)

The address of the registered office is as follows:

Kordsa Teknik Tekstil A.Ş.
Alikahya Fatih Mah.
Sanayici Cad.No:90
41310 İzmit
Kocaeli

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 1 – ORGANISATION AND NATURE OF OPERATIONS OF THE GROUP (continued)

Subsidiaries

Geographical divisions in which the subsidiaries that are consolidated in the consolidated financial statements as at 30 June 2021 and 31 December 2020 in accordance with the operating country and segment reporting purpose are as follows:

30 June 2021

Company name	Country	Geographical division	Area of activity
Nile Kordsa Company SAE (**)	Egypt	Europe, Middle East and Africa	Cord fabric manufacture and trade
Kordsa Inc.	United States of America	North America	Industrial yarn and cord fabric manufacture and trade
Fabric Development Inc.	United States of America	North America	Advanced composite manufacture to civil aviation sector
Textile Products Inc.	United States of America	North America	Advanced composite manufacture to civil aviation sector
Advanced Honeycomb Technologies Corporation	United States of America	North America	Advanced composite manufacture to civil aviation sector
Axiom Materials Acquisition LLC	United States of America	North America	Advanced composite manufacture to civil aviation sector
Kordsa Brasil S.A.	United States of America	South America	Industrial yarn and cord fabric manufacture and trade
PT Indo Kordsa Tbk (*)	Indonesia	Asia	Industrial yarn and cord fabric manufacture and trade
PT Indo Kordsa Polyester (*)	Indonesia	Asia	Industrial yarn and cord fabric manufacture and trade
Thai Indo Kordsa Co., Ltd.	Thailand	Asia	Cord fabric manufacture and trade

31 December 2020

Company name	Country	Geographical division	Area of activity
Nile Kordsa Company SAE (**)	Egypt	Europe, Middle East and Africa	Cord fabric manufacture and trade
Kordsa Inc.	United States of America	North America	Industrial yarn and cord fabric manufacture and trade
Fabric Development Inc.	United States of America	North America	Advanced composite manufacture to civil aviation sector
Textile Products. Inc.	United States of America	North America	Advanced composite manufacture to civil aviation sector
Advanced Honeycomb Technologies Corporation	United States of America	North America	Advanced composite manufacture to civil aviation sector
Axiom Materials Acquisition LLC	United States of America	North America	Advanced composite manufacture to civil aviation sector
Kordsa Brasil S.A.	United States of America	South America	Industrial yarn and cord fabric manufacture and trade
PT Indo Kordsa Tbk (*)	Indonesia	Asia	Industrial yarn and cord fabric manufacture and trade
PT Indo Kordsa Polyester (*)	Indonesia	Asia	Industrial yarn and cord fabric manufacture and trade
Thai Indo Kordsa Co., Ltd.	Thailand	Asia	Cord fabric manufacture and trade

(*) The Company's shares are traded in Indonesia Stock Exchange ("IDX").

(**) According to The Group's Board of Directors decision numbered 2015/29 dated 31 December 2015, Group's shares amounting to %51 of shares , Nile Kordsa Company for Industrial Fabrics S.A.E. %51 of rates, has been be classified as "Assets Held for sale" in the consolidated statement of financial position as of 31 December 2015.

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance with Turkish Financial Reporting Standards ("TFRS")

The Group has prepared its condensed consolidated financial statements for the interim accounting period ending on 30 June 2021 in accordance with Turkish Accounting Standard No: 34 "Interim Financial Reporting".

The explanations and footnotes required to be included in the annual financial statements prepared in accordance with TAS/TFRS based on this communique are summarized or not included in accordance with TAS 34. These condensed consolidated interim financial statements do not constitute solely an indicator for the yearend figures and do not include all the information and explanations required for full annual financial statements. The accompanying financial statements should be read in conjunction with the Group's last audited annual consolidated financial statements as at and for the year ended 31 December 2020.

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

The consolidated financial statements have been presented in accordance with the TFRS Taxonomy developed by the POA based on the financial statement examples determined in the Financial Statement Examples and User Guide published in the Official Gazette dated 7 June 2019 and numbered 30794.

The Company keeps and prepares its legal books and statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), the accounting principles determined by the tax legislation, and the Uniform Chart of Accounts issued by the Ministry of Finance. Subsidiaries operating in foreign countries prepare their accounting records and legal financial statements in the currencies of the countries in which they operate and in accordance with the legislation of those countries.

Approval of the Financial Statements

These consolidated financial statements have been approved to be issued during the meeting of the Board of Directors held on 10 August 2021 and have been signed by Fatma Arzu Ergene Deputy General Manager of Finance and Supply Chain, and Ceyda Özdemir Kolay Global Finance Manager, on behalf of the Board of Directors. The General Assembly of the Company and relevant regulatory bodies have the right to change these consolidated financial statements..

Functional and Presentation Currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

Preparation of Financial Statements in Hyperinflationary Periods

Based on CMB's resolution No: 11/367 issued on 17 March 2005, companies operating in Turkey and preparing their financial statements in accordance with the POA Accounting Standards are not subject to inflation accounting effective from 1 January 2005. Therefore, starting from January 2005, TAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied in the accompanying financial statements.

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)

2.1 Basis of Presentation (continued)

Comparative Information and Correction of the Financial Tables from Previous Periods

The Group's consolidated financial statements are prepared by comparing that of previous periods to determine financial situation and performance trends. In order to comply with the presentation of the current period consolidated financial statements, comparative information is reclassified when necessary and significant differences are disclosed.

Currency translation differences amounting to TL 460.823.751 presented in the consolidated statement of financial position of the Group as of 31 December 2020, has been reclassified as investment hedging losses related to foreign operations in hedging gains (losses) in the comparative consolidated financial statements.

Basis of Consolidation

The table below sets out all Subsidiaries and shows their shareholding rates at 30 June 2021:

Subsidiaries	Direct and indirect ownership interest by the Group and its subsidiaries (%)	Proportion of effective interest (%)
Nile Kordsa Company SAE	51,00	51,00
Kordsa Inc.	100,00	100,00
Fabric Development Inc.	100,00	100,00
Textile Products. Inc.	100,00	100,00
Advanced Honeycomb Technologies Corporation	100,00	100,00
Axiom Materials Acquisition LLC	95,86	95,86
Kordsa Brasil S.A.	97,31	97,31
PT Indo Kordsa Tbk	61,58	61,58
PT Indo Kordsa Polyester	99,97	61,56
Thai Indo Kordsa Co., Ltd.	64,19	39,53

The table below sets out all Subsidiaries and shows their shareholding rates at 31 December 2020:

Subsidiaries	Direct and indirect ownership interest by the Group and its subsidiaries (%)	Proportion of effective interest (%)
Nile Kordsa Company SAE	51,00	51,00
Kordsa Inc.	100,00	100,00
Fabric Development Inc.	100,00	100,00
Textile Products. Inc.	100,00	100,00
Advanced Honeycomb Technologies Corporation	100,00	100,00
Axiom Materials Acquisition LLC	95,86	95,86
Kordsa Brasil S.A.	97,31	97,31
PT Indo Kordsa Tbk	61,58	61,58
PT Indo Kordsa Polyester	99,97	61,56
Thai Indo Kordsa Co., Ltd.	64,19	39,53

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 power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee ; and
- has the ability to use its power to affect the amount of the investor's returns.

In the event that a situation or event arises that may cause any change in at least one of these criteria, the Group re-evaluates whether it has control over its investment.

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)

2.1 Basis of Presentation (continued)

Basis of Consolidation (continued)

When the Group 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 Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to the control power, including:

- The comparison of voting rights held by the Group to those held by the other shareholders;
- Potential voting rights held by the Group and other shareholders;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that whether the Group 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.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

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 Company.

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 Group 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 TFRSs). 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.

Elimination transactions in consolidation

During the preparation of the consolidated financial statements, intragroup balances, transactions and unrealized income and expenses arising from intragroup transactions are eliminated mutually.

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)

2.2 Changes in Accounting Policies, Comparative Information and Restatement of Prior Periods' Financial Statements

Accounting policies have been consistently applied by the Group in all periods presented in the consolidated financial statements. Significant changes in accounting policies are applied retrospectively and previous period consolidated financial statements are rearranged.

There is no change in accounting policies while preparing the consolidated financial statements as of 30 June 2021.

2.3 Changes in Accounting Estimates and Errors

Changes in the accounting estimates should be accounted in financial statements prospectively; if the change is related to only one period, it should be accounted at the current year that the change is performed, but if it is related to more than one period it should be accounted at both the current and future periods. There are no significant changes in the accounting estimates for the current period.

2.4 New and Revised Turkish Accounting Standards

Standards issued but not yet effective and not early adopted as at 30 June 2021

Standards issued but not yet effective and not early adopted

A number of new standards, interpretations of and amendments to existing standards are not effective at reporting date and earlier application is permitted; however, the Group has not early adopted are as follows.

COVID-19-Related Rent Concessions beyond 30 June 2021 (the 2021 amendment)

IASB has extended the practical expedient by 12 months – permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022. The original amendment was issued in May 2020 to make it easier for lessees to account for covid-19-related rent concessions, such as rent holidays and temporary rent reductions, while continuing to provide useful information about their leases to investors. Related changes were published by POA as Amendments to TFRS 16 on April 7, 2021.

The amendment is effective for annual reporting periods beginning on or after 1 April 2021. Lessees are permitted to apply it early, including in financial statements not authorised for issue. The 2021 amendments are applied retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings.

The original version of the practical expedient was, and remains, optional. However, the 2021 amendments are, in effect, not optional. This is because a lessee that chose to apply the practical expedient introduced by the 2020 amendments has to consistently apply the extension to eligible contracts with similar characteristics and in similar circumstances.

This means that lessees will need to reverse previous lease modification accounting if a rent concession was ineligible for the original practical expedient under the 2020 amendments but becomes eligible as a result of the extension.

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)

2.4 New and Revised Turkish Accounting Standards (continued)

Standards issued but not yet effective and not early adopted as of 30 June 2021 (continued)

Standards issued but not yet effective and not early adopted (continued)

Reference to the Conceptual Framework (Amendments to TFRS 3)

In May 2020, IASB issued Reference to the Conceptual Framework, which made amendments to IFRS 3 Business Combinations.

The amendments updated IFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. And then, TFRS 3 amendment was issued on 27 July 2020 by POA to reflect these amendments.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

Property, Plant and Equipment—Proceeds before Intended Use (Amendments to TAS 16)

In May 2020, IASB issued Property, Plant and Equipment—Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. And then, TAS 16 amendment was issued on 27 July 2020 by POA to reflect these amendments.

The amendments improve transparency and consistency by clarifying the accounting requirements—specifically, the amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to TAS 37)

In May 2020, IASB issued Onerous Contracts—Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

IASB developed amendments to IAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.4 New and Revised Turkish Accounting Standards (continued)

Classification of Liabilities as Current or Non-current (Amendments to TAS 1)

On 23 January 2020, IASB issued "Classification of Liabilities as Current or Non-Current" which amends IAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position which are issued by POA on 12 March 2020 as amendments to TAS 1.

The amendments clarify one of the criteria in TAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments include:

- a. Specifying that an entity's right to defer settlement must exist at the end of the reporting period;
- b. Clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement.
- c. Clarifying how lending conditions affect classification; and
- d. Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The Group shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, IASB decided to defer the effective date of IAS 1 until 1 January 2023 with the amendment published on 15 July 2020, and the amendment was issued by POA on 15 January 2021.

The Group does not expect that application of these amendments to IAS 1 will have significant impact on its consolidated financial statements.

Annual Improvements to TFRS Standards 2018–2020

Improvements to TFRSs

For the current standards, "Annual Improvements in TFRSs / 2018-2020 Cycle" published by POA on 27 July 2020 is presented below. The amendments are effective as of 1 January 2022. Earlier application is permitted. The Group does not expect that application of these improvements to TFRSs will have significant impact on its consolidated financial statements.

TFRS 1 First-time Adoption of International Financial Reporting Standards

This amendment simplifies the application of TFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts TFRSs later than its parent and applies TFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to TFRSs. This amendment will ease transition to TFRS Standards for subsidiaries applying this optional exemption by i) reducing undue costs; and ii) avoiding the need to maintain parallel sets of accounting records.

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)

2.4 New and Revised Turkish Accounting Standards (continued)

Annual Improvements to TFRS Standards 2018–2020 (continued)

Improvements to TFRSs (continued)

TFRS 9 Financial Instruments

This amendment clarifies that – for the purpose of performing the ‘10 per cent test’ for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

TAS 41 Agriculture

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in TAS 41 with those in TFRS 13 Fair Value Measurement. The amendments provide the flexibility to use either, as appropriate, in line with TFRS 13.

Amendments are effective on 1 January 2021

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2020:

- Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9 Financial Instruments, TAS 39 Financial Instruments: Recognition and Measurement, TFRS 7 Financial Instruments: Disclosures, TFRS 4 Insurance Contracts and TFRS 16 Leases

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not yet issued by POA

The following standards, interpretations of and amendments to existing IFRS standards are issued by the IASB but these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to TAS by the POA, thus they do not constitute part of TAS. Such standards, interpretations and amendments that are issued by the IASB but not yet issued by the POA are referred to as IFRS or IAS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TAS.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

IASB has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures on 12 February 2021.

The key amendments to IAS 1 include:

- Requiring companies to disclose their material accounting policies rather than their significant accounting policies;

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)

2.4 New and Revised Turkish Accounting Standards (continued)

Annual Improvements to TFRS Standards 2018–2020 (continued)

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (continued)

- Clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- Clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures.

The amendments are consistent with the refined definition of material previously:

"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".

The amendments are effective from 1 January 2023 but companies can apply it earlier.

The Group does not expect that application of these amendments to Amendments to IAS 1 and IFRS Practice Statement 2) will have significant impact on its consolidated financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty which is issued by IASB on 12 February 2021.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- Selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
- Choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to Amendments to IAS 1 and IFRS Practice Statement 2).

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.4 New and Revised Turkish Accounting Standards (continued)

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes

In May 2021 IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, which amended IAS 12 Income Taxes.

The amendments to IAS 12 Income Taxes clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The amendments clarify that the exemption does not apply to transactions such as leases and decommissioning obligations. These transactions give rise to equal and offsetting temporary differences.

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to Amendments to IAS 12.

2.5 Significant Changes Regarding the Current Period

The COVID-19 epidemic, which affected the whole world, has had serious effects on health systems and the economy. Countries have taken measures to slow the spread of the epidemic, such as testing and treating patients, imposing travel restrictions, quarantining citizens and canceling large gatherings. Along with these social measures, comprehensive financial measures were taken simultaneously to reduce the negative effects on the economic outlook. Similarly, Turkey has implemented many measures to ensure the health and safety of citizens, as well as regulatory, financial and monetary actions to support companies and households in these challenging conditions.

The Group management closely monitors all developments and takes the necessary measures in order to effectively manage the negative effects of the COVID-19 outbreak, primarily on our employees, relatives and environment, and then on the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group.

It took actions to adapt and optimize investment expenditures, operational expenses and stocks to variable conditions, and reviewed the cash management strategy by examining payment and collection terms in order to strengthen its liquidity position. The Group management believes that the Group can successfully manage its commercial risks and liquidity reserves despite the current uncertain economic outlook. In order to evaluate the potential effects of the social and economic situation arising due to the epidemic, developments in the geographies where it operates are closely monitored.

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)

2.5 Significant Changes Regarding the Current Period

The Group evaluated the possible effects of the COVID-19 outbreak while preparing its consolidated financial statements as of 30 June 2021 on its financial statements and reviewed the estimates and assumptions used in the preparation of the consolidated financial statements. In this context, possible impairment in the consolidated financial statements as of 30 June 2021 has been evaluated and no significant impact has been identified.

NOTE 3 - SEGMENT REPORTING

The reportable geographical segments for segment reporting are as follows:

3.1.1) Segment analysis for the period 1 January – 30 June 2021

	Europe, Middle East and Africa	North America	South America	Asia	Intersegment elimination (*)	Total
External revenue	1.108.162.343	793.626.959	388.154.573	912.953.049	-	3.202.896.924
Intersegment revenue	82.757.622	431.239.667	900.689	37.094.842	(551.992.820)	-
Revenue	1.190.919.965	1.224.866.626	389.055.262	950.047.891	(551.992.820)	3.202.896.924
Segment operating expenses, net	(844.918.009)	(1.215.638.514)	(257.795.887)	(835.686.721)	493.962.665	(2.660.076.466)
Segment operating results	346.001.956	9.228.112	131.259.375	114.361.170	(58.030.155)	542.820.458
OPERATING PROFIT	346.001.956	9.228.112	131.259.375	114.361.170	(58.030.155)	542.820.458

3.1.2) Segment analysis for the period 1 April – 30 June 2021

	Europe, Middle East and Africa	North America	South America	Asia	Intersegment elimination (*)	Total
External revenue	578.709.538	407.992.144	221.673.550	480.298.791	-	1.688.674.023
Intersegment revenue	53.024.551	220.372.786	900.689	19.997.719	(294.295.745)	-
Revenue	631.734.089	628.364.930	222.574.239	500.296.510	(294.295.745)	1.688.674.023
Segment operating expenses, net	(418.524.548)	(643.796.307)	(116.216.076)	(428.668.330)	228.748.941	(1.378.456.320)
Segment operating result	213.209.541	(15.431.377)	106.358.163	71.628.180	(65.546.804)	310.217.703
OPERATING PROFIT	213.209.541	(15.431.377)	106.358.163	71.628.180	(65.546.804)	310.217.703

(*) Consolidation adjustments that are not associated with the segments are included in this line.

(**) Kordsa Teknik Tekstil A.Ş. has been included in Europe, Middle East and Africa Segment.

3.1.3) Segment analysis for the period 1 January – 30 June 2020

	Europe, Middle East and Africa	North America	South America	Asia	Intersegment elimination (*)	Total
External revenue	657.652.782	717.126.534	198.720.186	433.034.973	-	2.006.534.475
Intersegment revenue	59.664.292	185.473.134	-	42.124.594	(287.262.020)	-
Revenue	717.317.074	902.599.668	198.720.186	475.159.567	(287.262.020)	2.006.534.475
Segment operating expenses, net	(528.682.301)	(847.075.509)	(177.664.006)	(459.707.983)	198.086.784	(1.815.043.015)
Segment operating result	188.634.773	55.524.159	21.056.180	15.451.584	(89.175.236)	191.491.460
OPERATING PROFIT	188.634.773	55.524.159	21.056.180	15.451.584	(89.175.236)	191.491.460

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 3 - SEGMENT REPORTING (continued)

3.1.4) Segment analysis for the period 1 April – 30 June 2020

	Europe, Middle East and Africa(**)	North America	South America	Asia	Elimination (*)	Total
External revenue	268.837.632	284.312.243	80.325.196	174.089.264	-	807.564.335
Intersegment revenue	11.342.515	50.399.285	-	15.840.576	(77.582.376)	-
Revenue	280.180.147	334.711.528	80.325.196	189.929.840	(77.582.376)	807.564.335
Segment operating expenses, net	(179.180.787)	(327.006.934)	(68.197.060)	(184.484.098)	27.063.593	(731.805.286)
Segment operating result	100.999.360	7.704.594	12.128.136	5.445.742	(50.518.783)	75.759.049
OPERATING PROFIT	100.999.360	7.704.594	12.128.136	5.445.742	(50.518.783)	75.759.049

(*) Consolidation adjustments that are not associated with the segments are included in this line.

(**) Kordsa Teknik Tekstil A.Ş. has been included in Europe, Middle East and Africa Segment.

3.2.1) Segment assets

	30 June 2021	31 December 2020
Europe, Middle East and Africa	2.143.539.712	1.791.454.511
Asia	2.387.531.553	1.972.275.862
South America	693.903.447	468.150.019
North America	3.621.065.016	3.083.333.493
Segment assets (*)	8.846.039.728	7.315.213.885
Unallocated assets	415.637.174	405.375.006
Less: Intersegment eliminations	(248.806.840)	(115.910.324)
Total assets per consolidated financial statements	9.012.870.062	7.604.678.567

(*) Segment assets comprise mainly of operating assets and exclude deferred tax assets, time deposits and finance income from available for sale financial assets.

3.2.2) Segment liabilities

	30 June 2021	31 December 2020
Europe, Middle East and Africa	2.113.877.625	1.944.113.453
North America	1.680.383.346	1.466.175.226
South America	245.502.982	229.650.480
Asia	499.565.973	360.837.570
Segment liabilities (**)	4.539.329.926	4.000.776.729
Unallocated liabilities	562.304.267	420.362.658
Less: Intersegment eliminations	(230.016.772)	(94.583.187)
Total liabilities per consolidated financial statements	4.871.617.421	4.326.556.200

(**) Segment liabilities comprise mainly of operating liabilities and exclude tax liabilities, other financial liabilities and borrowings.

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 3 - SEGMENT REPORTING (continued)

The segment reporting in the basis of industry groups of reportable segments is as follows:

3.2.3) External revenue

	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Industrial Yarn and Cord Fabric	2.786.787.029	1.437.060.998	1.581.774.022	626.170.513
Advanced Composite Materials	328.940.870	184.391.106	367.042.382	150.480.818
Other	87.169.025	67.221.919	57.718.071	30.913.004
	3.202.896.924	1.688.674.023	2.006.534.475	807.564.335

The decision makers in management of the Company follow their analysis according to the above segments.

NOTE 4 – CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as at 30 June 2021 and 31 December 2020 are as follows:

	30 June 2021	31 December 2020
Cash	63.744	70.390
Bank-demand deposits	130.972.921	198.808.627
Bank-time deposits	223.003.230	251.013.768
	354.039.895	449.892.785

Time deposits have less than 3 months maturity. Average annual interest rate for time deposits are 0,01% for Euro (31 December 2020: 0,1%). Average annual interest rate for time deposits are 0,1% for US Dollars (31 December 2020: 1,7%).

There is no restricted cash and cash equivalents of Group as at 30 June 2021 and 31 December 2020.

NOTE 5 - BORROWINGS

	30 June 2021	31 December 2020
Short-term borrowings	1.431.648.247	1.204.531.453
Short-term portion of long term borrowings	476.356.999	462.887.549
Lease liabilities	14.057.108	9.046.298
Total short-term financial borrowings	1.922.062.354	1.676.465.300
Long-term borrowings	1.067.384.194	1.210.728.658
Lease liabilities	135.405.468	92.065.626
Total long-term financial borrowings	1.202.789.662	1.302.794.284
Total borrowings	3.124.852.016	2.979.259.584

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 5 – BORROWINGS (continued)

The details of long and short term borrowings as of 30 June 2021 and 31 December 2020 are as follows:

	30 June 2021		31 December 2020	
	Weighted average effective interest rate %	TL	Weighted average effective interest rate %	TL
Short-term borrowings				
TL borrowings	14,24	311.761.924	10,45	310.001.250
USD borrowings	3,07	364.826.344	1,60	235.956.696
EUR borrowings	0,77	752.884.638	0,74	658.426.790
Other borrowings(*)	5,70	2.175.341	6,12	146.717
		1.431.648.247		1.204.531.453
Short-term portion of long term borrowings				
USD borrowings	3,46	470.370.973	3,55	432.113.001
Other borrowings(*)	7,15	5.986.026	8,90	30.774.548
		476.356.999		462.887.549
Total short-term borrowings		1.908.005.246		1.667.419.002
Long-term borrowings				
USD borrowings	3,46	991.617.596	3,55	1.062.584.497
EUR borrowings	2,90	51.822.500	2,90	45.039.500
TL borrowings		-	9,50	100.000.000
Other borrowings(*)	7,15	23.944.098	8,90	3.104.661
Total long-term financial borrowings		1.067.384.194		1.210.728.658

(*) Other borrowings comprise borrowings in Indonesian Rupiah and Brazilian Real.

The fair value of the loans used by the Group is equal to their book value

The redemption schedules of long term borrowings are summarized below:

	30 June 2021	31 December 2020
1 to 2 years	536.317.962	571.200.310
2 to 3 years	413.486.089	402.731.842
3 to 4 years	105.498.400	236.794.601
4 to 5 years	12.081.743	1.905
Over 5 years	-	-
	1.067.384.194	1.210.728.658

The financial covenant that the Group is obliged to fulfill within the scope of the loan agreements in USD are met.

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 5 – BORROWINGS (continued)

The reconciliation of the Group's obligations arising from its financial activities and lease liabilities are as follows:

	1 January- 30 June 2021	1 January- 30 June 2020
1 January financial liabilities	2.979.259.584	3.114.109.573
Current period additions	1.135.518.406	1.180.074.910
Repayment of borrowings	(1.435.869.954)	(1.260.250.190)
Interest expense recognized in the statement of profit or loss (Note 19)	55.993.726	82.393.462
Interest accrual	(68.383.235)	(59.906.136)
Additional lease contracts	35.874.576	3.594.676
Lease payments	(9.924.633)	(8.053.880)
Effects of change in foreign exchange	432.383.546	338.687.013
30 June financial liabilities	3.124.852.016	3.390.649.429

NOTE 6 - TRADE RECEIVABLES

	30 June 2021	31 December 2020
Trade receivables		
Trade receivables	1.357.766.375	1.026.912.477
Cheques received	15.843.821	11.257.390
Due from related parties	80.378.946	64.199.658
	1.453.989.142	1.102.369.525
Less: Provision for doubtful receivables	(7.787.937)	(5.423.414)
Less: Unearned credit finance income	(9.362.883)	(5.833.976)
	1.436.838.322	1.091.112.135

As of 30 June 2021, annual interest rates for discount of TL, USD and Euro trade receivables and payables are 20,89%, 3,71% and 2,9% respectively (2020: 10%, 4,75% and 3,5%). The average maturities of the trade receivables as of 30 June 2021 is 70 days and average duration of trade payables is 51 days (31 December 2020: 70 days, 59 days).

As of 30 June 2021, though, trade receivables amounting to TL 120.923.542 (2020: TL 93.860.522) were overdue they are not regarded as doubtful receivable as a result of the customers' ability to pay and the management's assessment of the future. The aging of these receivables as of 30 June 2021 and 31 December 2020 are as follows:

	30 June 2021	31 December 2020
Up to 1 month	57.930.076	60.153.088
1 to 3 months	50.657.476	25.528.942
3 to 12 months	9.230.560	5.479.778
1 to 5 years	3.105.430	2.698.714
	120.923.542	93.860.522

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 6 - TRADE RECEIVABLES (continued)

As of 30 June 2021, trade receivables amounting to TL 7.787.937 (31 December 2020: TL 5.423.414) are overdue and the provision for doubtful receivables has been set aside. As of 30 June 2021 and 31 December 2020, the aging schedule of the related receivables is as follows:

	30 June 2021	31 December 2020
Up to 1 month	-	-
1 to 3 months	-	-
3 to 12 months	-	-
1 to 5 years	7.787.937	5.423.414
	7.787.937	5.423.414

Movement schedules of provision for doubtful receivables for the six month periods ended 30 June 2021 and 2020 are as follows:

	1 January- 30 June 2021	1 January- 30 June 2020
Balance at 1 January	5.423.414	3.976.486
Additions	1.453.724	1.266.136
Currency translation differences	910.799	294.499
Balance at 30 June	7.787.937	5.537.121

NOTE 7 – OTHER RECEIVABLES AND PAYABLES

Other short-term receivables	30 June 2021	31 December 2020
Tax receivables (***)	79.654.052	-
Taxes and other deductions to be collected (*)	22.620.579	14.215.564
Other	12.232.928	10.701.784
	114.507.559	24.917.348

Other long-term receivables	30 June 2021	31 December 2020
Litigation guarantee receivables (**)	26.489.461	21.246.787
Other	3.965.492	5.736.684
	30.454.953	26.983.471

(*) Taxes and other duties mainly comprise of Kordsa Brasil's other tax receivables from tax incentives for the domestic production which are not collected yet.

(**) This amount related to the guarantees paid to Brazilian courts for the lawsuits against Kordsa Brasil.

(***) Consist of receivables related to the favourable decision regarding Kordsa Brazil's double taxation lawsuits from 2003 to the present. Lawsuit related with the double tax received by federal tax office over VAT on sales.

Other short term payables	30 June 2021	31 December 2020
Taxes and duties payable	38.250.455	23.007.045
Other	7.493.812	13.749.777
	45.744.267	36.756.822

Other long term payables	30 June 2021	31 December 2020
Taxes and duties payable (****)	13.769.899	8.529.941
	13.769.899	8.529.941

(****) Taxes and duties payables mainly comprise of the employee and tax related law suits against Kordsa Brasil.

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 8 – INVENTORIES

	30 June 2021	31 December 2020
Finished goods	473.767.295	443.381.693
Raw materials and supplies	747.438.001	523.736.557
Semi-finished goods	153.253.202	122.527.083
Intermediate goods	85.829.176	51.597.235
Spare parts	65.551.596	74.146.377
Other inventories	69.755.962	46.227.642
	1.595.595.232	1.261.616.587
Less: Impairment in value Provision for obsolescence	(41.354.033)	(36.303.991)
	1.554.241.199	1.225.312.596

Movement schedules for provision for impairment in value for the six month periods ended 30 June 2021 and 2020 are as follows:

	1 January- 30 June 2021	1 January- 30 June 2020
Balances at 1 January	36.303.991	27.347.532
Additions	1.121.791	3.748.414
Reversals	(994.309)	(425.288)
Currency translation differences	4.922.560	2.109.874
Balances at 30 June	41.354.033	32.780.532

The amount of provision for inventory obsolescence is classified to cost of goods sold for the periods 30 June 2021 and 30 June 2020. The amount of provision for impairment of inventory charged to cost of goods sold for the six month period ended 30 June 2021 is TL 127.482 (1 January – 30 June 2020: TL 3.323.126).

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**

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

NOTE 9 – PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment for the six month periods ended 30 June 2021 is as follows:

	1 January 2021	Additions	Disposals	Transfers(*)	Currency Translation Differences	30 June 2021
Cost:						
Land and land improvements	127.147.176	725.161	-	-	12.860.327	140.732.664
Buildings	793.941.107	432.940	-	55.639	92.163.999	886.593.685
Machinery and equipment	4.003.211.704	12.171.691	(2.299.012)	54.674.713	549.635.238	4.617.394.334
Motor vehicles	3.932.952	-	(384.738)	-	636.229	4.184.443
Furniture and fixtures	146.851.186	450.491	(113.485)	746.023	23.253.903	171.188.118
Construction in progress	146.165.357	59.062.611	-	(71.045.209)	9.096.922	143.279.681
	5.221.249.482	72.842.894	(2.797.235)	(15.568.834)	687.646.618	5.963.372.925
Accumulated depreciation:						
Land improvements	28.036.026	1.382.220	-	-	2.439.675	31.857.921
Buildings	376.879.791	10.776.044	-	-	40.432.256	428.088.091
Machinery and equipment	2.231.441.316	94.595.876	(1.828.086)	-	308.320.075	2.632.529.181
Motor vehicles	1.957.256	443.200	(299.955)	-	66.991	2.167.492
Furniture and fixtures	110.945.113	5.872.697	(98.478)	-	17.683.376	134.402.708
	2.749.259.502	113.070.037	(2.226.519)	-	368.942.373	3.229.045.393
Net book value	2.471.989.980					2.734.327.532

(*) For the six months period ended 30 June 2021, 15.568.834 TL was transferred to other intangible assets.

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**

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

NOTE 9 – PROPERTY, PLANT AND EQUIPMENT (continued)

The movement of property, plant and equipment for the six month periods ended 30 June 2020 is as follows:

	1 January 2020	Additions	Disposals	Transfers	Currency Translation Differences	30 June 2020
Cost:						
Land and land improvements	109.321.441	1.701.250	-	-	8.927.314	119.950.005
Buildings	692.681.329	726.723	(3.833)	2.025.636	54.450.145	749.880.000
Machinery and equipment	3.376.827.022	24.395.015	(20.572.938)	34.451.240	264.578.230	3.679.678.569
Motor vehicles	4.412.732	-	(2.382.906)	-	1.633.106	3.662.932
Furniture and fixtures	127.559.014	711.898	(127.539)	626.909	3.509.565	132.279.847
Construction in progress	136.811.567	42.201.529	-	(37.103.785)	4.776.731	146.686.042
	4.447.613.105	69.736.415	(23.087.216)	-	337.875.091	4.832.137.395
Accumulated depreciation:						
Land improvements	24.314.197	757.826	-	-	1.281.625	26.353.648
Buildings	317.166.519	9.201.513	(2.140)	-	21.056.817	347.422.709
Machinery and equipment	1.840.777.810	80.697.635	(2.978.552)	-	123.170.393	2.041.667.286
Motor vehicles	2.160.900	1.595.555	(2.382.906)	-	98.934	1.472.483
Furniture and fixtures	88.896.558	5.256.926	(12.223)	-	4.512.502	98.653.763
	2.273.315.984	97.509.455	(5.375.821)	-	150.120.271	2.515.569.889
Net book value	2.174.297.121					2.316.567.506

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**

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

NOTE 10 – INTANGIBLE ASSETS

The movement of intangible assets for the six month periods ended 30 June 2021 is as follows.

	1 January 2021	Additions	Disposals	Transfers	Currency translation differences	30 June 2021
Cost:						
Rights	40.353.394	-	-	334.714	-	40.688.108
Technology licences	120.677.597	587.189	-	-	20.334.336	141.599.122
Capitalized development costs	12.737.753	-	-	-	-	12.737.753
Computer software	116.326.535	17.107	(1.659.460)	15.234.120	7.658.242	137.576.544
Customer relationships	570.722.711	-	-	-	105.982.602	676.705.313
Trademarks	178.426.067	-	-	-	33.166.970	211.593.037
Other intangible assets	33.572.169	-	-	-	5.458.800	39.030.969
	1.072.816.226	604.296	(1.659.460)	15.568.834	172.600.950	1.259.930.846
Accumulated Depreciation:						
Rights	16.014.867	1.400.287	-	-	-	17.415.154
Technology licences	43.105.110	5.941.064	-	-	3.620.050	52.666.224
Capitalized development costs	12.737.753	-	-	-	-	12.737.753
Computer software	70.533.608	9.680.213	(1.072.271)	-	6.844.758	85.986.308
Customer relationships	52.045.831	13.763.156	-	-	7.050.309	72.859.296
Brandname	6.970.877	399.369	-	-	129.963	7.500.209
	201.408.046	31.184.089	(1.072.271)	-	17.645.080	249.164.944
Net book value	871.408.180					1.010.765.902

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**

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

NOTE 10 – INTANGIBLE ASSETS (continued)

The movement of intangible assets for the six month periods ended 30 June 2020 is as follows:

	1 January 2020	Additions	Disposals	Transfers	Currency translation differences	30 June 2020
Cost:						
Rights	33.659.625	-	-	-	-	33.659.625
Technology licences	100.107.720	-	-	-	12.694.303	112.802.023
Capitalized development costs	12.737.753	-	-	-	-	12.737.753
Computer software	85.156.256	9.599.153	(4.366.310)	543.249	3.896.817	94.829.165
Customer relationships	461.975.413	-	-	-	70.049.320	532.024.733
Trademarks	143.990.448	129.223	-	-	21.872.101	165.991.772
Other intangible assets	27.891.310	-	-	(543.249)	3.646.146	30.994.207
	865.518.525	9.728.376	(4.366.310)	-	112.158.687	983.039.278
Accumulated Depreciation:						
Rights	14.194.888	825.644	-	-	-	15.020.532
Technology licences	28.727.880	4.883.545	-	-	2.008.048	35.619.473
Capitalized development costs	10.335.847	325.298	-	-	-	10.661.145
Computer software	51.607.542	7.755.013	(4.366.310)	-	2.756.859	57.753.104
Customer relationships	21.113.104	12.188.412	-	-	2.847.568	36.149.084
Other intangible assets	6.089.102	3.443.825	-	-	85.899	9.618.826
	132.068.363	29.421.737	(4.366.310)	-	7.698.374	164.822.164
Net book value	733.450.162					818.217.114

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

DİPNOT 11 – RIGHT OF USE ASSETS

The movement of right of lease assets for the six month periods ended 30 June 2021 is as follows:

	1 January 2021	Addition	Disposal	Currency Translation Differences	30 June 2021
Cost					
Property	100.171.185	31.288.645	(710.703)	21.720.600	152.469.727
Fixture	252.813	-	-	47.001	299.814
Vehicles	8.888.308	3.970.285	-	537.624	13.396.217
Other	12.931.373	615.646	-	462.065	14.009.084
	122.243.679	35.874.576	(710.703)	22.767.290	180.174.842
Accumulated Depreciation:					
Property	(15.789.829)	(6.820.055)	710.703	(4.073.789)	(25.972.970)
Fixture	(112.314)	(35.367)	-	(8.815)	(156.496)
Vehicles	(5.385.416)	(1.448.734)	-	(100.834)	(6.934.984)
Other	(5.066.498)	(1.859.730)	-	(86.662)	(7.012.890)
	(26.354.057)	(10.163.886)	710.703	(4.270.100)	(40.077.340)
Net book value	95.889.622				140.097.502

The movement of right of lease assets for the six month period ended 30 June 2020 is as follows.

	1 January 2020	Addition	Disposal	Currency Translation Differences	30 June 2020
Cost					
Property	74.783.447	3.399.679	-	12.364.795	90.547.921
Fixture	594.307	-	(425.471)	66.815	235.651
Vehicles	7.207.216	194.997	-	851.430	8.253.643
Other	10.682.397	-	-	1.851.145	12.533.542
	93.267.367	3.594.676	(425.471)	15.134.185	111.570.757
Accumulated Depreciation					
Property	(4.736.158)	(5.064.768)	-	(1.061.860)	(10.862.786)
Fixture	(186.857)	(30.328)	243.759	(101.066)	(74.492)
Vehicles	(2.435.694)	(1.537.994)	-	166.860	(3.806.828)
Other	(2.106.312)	(1.555.039)	-	81.720	(3.579.631)
	(9.465.021)	(8.188.129)	243.759	(914.346)	(18.323.737)
Net book value	83.802.346				93.247.020

TL 123.777.976 (30 June 2020: TL 109.439.500) of current period depreciation and amortisation expenses of property, plant and equipment, intangible assets and right of use assets are included in cost of sales, TL 2.705.192 (30 June 2020: TL 1.639.653) is included in research and development expenses and TL 27.934.844 (30 June 2020: TL 24.040.168) is included in general administrative expenses.

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 12 – INVESTMENT PROPERTY

	2021	2020
Balance as at 1 January - opening	175.005.149	138.171.192
Currency translation differences	32.535.866	20.980.845
Balance as at 30 Jun - Closing	207.541.015	159.152.037

The fair value of PT Indo Kordsa's investment properties in the Asia Pacific Region as at 31 December 2020 has been determined by an independent valuation company. The independent appraisal company has sufficient experience and qualification to measure the fair value of the properties in the relevant regions. The fair value of the lands have determined pursuant to market comparative approach that has reflected resembling properties current transaction prices. The highest and the best of the present value has been used in determining the fair value of the lands. No different valuation methodology has been applied in current period. As of 30 June 2021 the fair value hierarchy level of investment properties measured by revaluation method is 2.

NOTE 13 – GOODWILL

As at 30 June 2021 the goodwill having net book value amounting TL 1.086.581.787 (31 December 2020: TL 923.388.013) consist of TL 42.570.007 (31 December 2020: TL 42.570.007), which accrued in consequence of the merger with Dusa Endüstriyel İplik ve Sanayi ve Ticaret A.Ş on 30 September 1999, TL 3.025.160 (31 December 2020: TL 3.025.160), which accrued in consequence of the acquisition of the PT Indo Kordsa Group on 22 December 2006, respectively 9.656.000 USD (31 December 2020: 9.656.000 USD) and 19.893.604 USD (31 December 2020: 19.893.604 USD) which accrued in consequence of the acquisition of the Fabric Development Inc. ("FDI") and Textile Products, Inc. ("TPI") on 13 July 2018, 1.268.000 USD (31 December 2020: 1.268.000 USD) accrued in consequence of the acquisition of the Advanced Honeycomb Technologies Corporation ("AHT") on 1 October 2018, and 88.764.556 USD (31 December 2020: 88.764.556 USD) which accrued in consequence of the acquisition of the Axiom Materials Acquisition LLC ("AXM") on 23 July 2019.

As at 30 June, the movements in goodwill is as follow;

	1 January - 30 June 2021	1 January - 30 June 2020
Balance at the beginning of the year	923.388.013	798.034.611
Currency translation difference	163.193.774	27.799.844
Balances at 30 June	1.086.581.787	825.834.455

As at 30 June 2021 and 31 December 2020, there is no change determined in the registered value of the registered goodwill amounting to TL 1.086.581.787 and TL 923.388.013. The cash-generating unit value has been tested with the sensitivity of the cash flows + 1% / - 1% Weighted Average Cost of Capital ("WACC") (31 December 2020: + 1% / - 1%) together with the growth rate sensitivity. Cash flows and WACCs used for impairment testing have been revised with up-to-date assessments as of 30 June 2021. As a result of the impairment sensitivity test, it is determined that there is no impairment in the cash-generating unit value.

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Commitments and contingencies, from which the Group management does not anticipate any significant losses or liabilities are summarized below:

a) Guarantees given:	30 June 2021	31 December 2020
Pledges given to banks	139.337.517	452.613.315
Security (*)	1.117.167.340	1.084.762.778
Letter of credits	109.096.492	46.553.367
Letter of guarantees	7.493.269	246.228.967
Pledges	301.615	385.634
	1.373.396.233	1.830.544.061

(*) As at 13 July 2018, Kordsa Teknik Tekstil A.Ş. have been joint guarantor to long-term borrowings used by Kordsa Inc. amounting to USD 19.444.445 equivalents TL 169.267.783 (30 June 2020: 27.222.223 equivalents TL 186.259.895) and As at 17 July 2019, to long-term borrowings amounting to USD 108.888.889 (30 June 2020: 140.000.000 equivalents TL 957.908.000).

b) Guarantees received:	30 June 2021	31 December 2020
Letter of guarantees	9.294.533	11.057.837
Cheques and notes received as collateral	31.350	31.350
	9.325.883	11.089.187

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

30 June 2021	TL Equivalent	TL	USD	EUR	Thai Baht	Other TL Equivalent
A.Total of GPMs given on behalf of own legal personality	256.228.900	3.115.899	28.455.238	23.800	710.600	4.801.544
B.Total of GPMs given on behalf of subsidiaries consolidated in full	1.117.167.340	-	128.333.334	-	-	-
C.GPM given for continuation of its economic activities on behalf of third parties	-	-	-	-	-	-
D.Total amount of other GPM	-	-	-	-	-	-
i. Total amount of GPM given on behalf of the major shareholder	-	-	-	-	-	-
ii. Total amount of GPM given on behalf of other Group companies which are not in scope of B and C	-	-	-	-	-	-
iii. Total amount of GPM given on behalf of third parties which are not in scope of clause C	-	-	-	-	-	-
	1.373.396.240	3.115.899	156.788.572	23.800	710.600	4.801.544

31 December 2020	TL Equivalent	TL	USD	EUR	Thai Baht	Other TL Equivalent
A.Total of GPMs given on behalf of own legal personality	745.781.283	42.508.926	70.160.238	20.003.635	1.778.000	7.635.877
B.Total of GPMs given on behalf of subsidiaries consolidated in full	1.084.762.778	--	147.777.778	--	--	--
C.GPM given for continuation of its economic activities on behalf of third parties	--	--	--	--	--	--
D.Total amount of other GPM	--	--	--	--	--	--
i. Total amount of GPM given on behalf of the major shareholder	--	--	--	--	--	--
ii. Total amount of GPM given on behalf of other Group companies which are not in scope of B and C	--	--	--	--	--	--
iii. Total amount of GPM given on behalf of third parties which are not in scope of clause C	--	--	--	--	--	--
	1.830.544.061	42.508.926	217.938.016	20.003.635	1.778.000	

The ratio of the other GPMs given by the Group to equity is 0% as at 30 June 2021 (As at 31 December 2020 0%)

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 15 - SALES AND COST OF SALES

	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Sales income (gross)	3.256.238.906	1.718.858.683	2.040.423.192	818.273.910
Sales returns (-)	(9.022.900)	(5.265.401)	(7.258.002)	(2.287.235)
Sales discounts (-)	(12.269.195)	(6.199.953)	(14.482.438)	(3.931.502)
Other sales discounts (-)	(32.049.887)	(18.719.306)	(12.148.277)	(4.490.838)
Sales Income (Net)	3.202.896.924	1.688.674.023	2.006.534.475	807.564.335
Cost of sales (-)	(2.465.376.300)	(1.303.153.424)	(1.644.592.824)	(660.866.366)
Gross Profit	737.520.624	385.520.599	361.941.651	146.697.969

NOTE 16 - EXPENSES BY NATURE

	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Raw material and supply expenses	1.595.100.184	847.800.465	1.023.482.650	388.751.074
Personnel expenses	460.482.862	242.243.951	292.311.195	117.142.430
Energy expenses	255.423.404	131.102.692	150.613.263	55.872.424
Depreciation and amortization expenses	154.418.012	83.204.264	135.119.321	70.023.998
Idle period expenses	1.763.149	1.023.917	52.947.451	41.742.268
Distribution expenses	103.696.278	60.309.452	50.437.916	19.455.469
Packing expenses	62.441.468	32.793.008	38.261.447	14.920.287
Consultancy expenses	34.931.849	19.709.284	25.295.090	12.350.919
Service, maintenance expenses	2.783.687	1.176.373	2.730.818	1.265.962
Rent expenses	3.172.345	1.282.879	2.464.323	1.495.083
Other	130.328.667	66.486.141	100.516.140	40.227.846
	2.804.541.905	1.487.132.426	1.874.179.614	763.247.760

NOTE 17 - OTHER OPERATING INCOME AND EXPENSES

Other operating income	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Unearned finance income on credit sales	30.932.018	17.069.936	18.963.192	8.291.777
Domestic production incentive income (*)	26.931.476	15.411.272	35.667.633	21.626.290
Foreign exchange gains on trade receivables	52.944.595	21.686.936	14.788.960	5.092.616
Export incentive income	1.296.056	1.282.113	1.302.450	647.608
Rent income	685.222	371.492	731.937	389.000
Provision income from litigation (**)	80.676.615	80.676.615	-	-
Other	11.272.441	6.614.125	10.956.433	7.152.626
	204.738.423	143.112.489	82.410.605	43.199.917

(*) Domestic production incentive income refers to the Brazilian Subsidiary's sales tax return income on finished goods produced and sold in its own country.

(**) Consist of income related to the positive conclusion regarding Kordsa Brazil's double taxation lawsuits from 2003 to the present. Lawsuit related with the double tax received by federal tax office over VAT on sales.

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 17 - OTHER OPERATING INCOME AND EXPENSES (continued)

	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Other operating expenses				
Donations	19.624.480	10.730.986	4.354.769	992.167
Unrealized finance expense on credit purchase	12.016.336	5.574.487	9.061.521	4.610.611
Expenses of the customer damages	694.001	694.001	-	-
Taxes and duties	4.886.994	3.661.121	4.662.895	3.334.484
Litigation expense	11.371.793	7.167.767	-	-
Other	11.679.382	6.608.023	5.194.821	2.820.181
	60.272.986	34.436.385	23.274.006	11.757.443

NOTE 18 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Income from investing activities				
Interest income	3.516.723	1.510.210	6.021.900	5.095.160
Gain from sale of fixed assets	432.782	432.782	456.101	272.871
	3.949.505	1.942.992	6.478.001	5.368.031
Expense from investing activities				
Loss on sale of property, plant and equipment	874.384	387.420	395.298	291.484
	874.384	387.420	395.298	291.484

NOTE 19 - FINANCIAL INCOME/ EXPENSES

	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Finance income				
Gain on derivative instruments	-	(4.784.519)	31.096.435	10.227.935
Foreign exchange gain	44.436.721	22.764.049	47.050.834	47.050.834
	44.436.721	17.979.530	78.147.269	57.278.769
Finance expense				
Interest expenses	55.993.726	27.270.367	82.393.462	45.829.195
Losses on derivative instruments	4.424.465	4.424.465	54.362.421	48.199.724
Foreign exchange losses	77.168.543	28.983.232	46.716.337	20.736.062
Other	7.954.366	4.602.747	5.147.868	3.562.011
	145.541.100	65.280.811	188.620.088	118.326.992

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 20 - TAXATION ON INCOME

Corporate Tax

	30 June 2021	31 December 2020
Corporate tax payable	18.865.726	686.008
Less: Prepaid taxes on income	-	(5.278.265)
Current tax (asset)/ liability, net	18.865.726	(4.592.257)

Kordsa is subject to Turkish corporate taxes. Provision is made in the accompanying condensed consolidated financial statements for the estimated charge based on the Group's results for the years and periods. In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes shown in the condensed consolidated financial statements reflects the total amount of taxes calculated on each entity that are included in the consolidation.

In Turkey, the corporate tax rate applied to the legal tax base to be found by adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of corporations in Turkey and by deducting the exemptions in the tax laws was applied as 20% after 1 January 2021 (2020: 22%). However, "the Law On Collection Procedure of Public Receivables" which has been published on the Official Gazette numbered 31462 and dated 22 April 2021, Article 11 of "the Law on the Amendment of Some Laws" and the provisional article 13 which has been added to the Law No 5520 Corporate Tax, the income tax rate will be applied as 25% for 2021 and 23% for 2022. This change will be applicable for the taxation of corporate income for the taxable periods beginning from 1 January 2021, beginning with the declarations that must be submitted as of 1 July 2021. Since the tax rate change came into effect as of 22 April 2021, the tax rate was used as 25% in the period tax calculations in the financial statements for the interim accounting period dated 30 June 2021.

Within the scope of the said amendment, deferred tax assets and liabilities in the condensed consolidated financial statements for the interim accounting period dated 30 June 2021 are calculated with the rates of 25%, 23%, and 20% for the portions of temporary differences that will have tax effects in 2021, 2022 and the following periods, respectively.

The taxes on income presented in the condensed consolidated statement of profit or loss for the periods ended 30 June 2021 and 2020 are summarized as follows:

	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Current period corporate tax expense	(37.285.045)	(24.189.998)	(6.958.532)	(514.737)
Deferred tax benefit/ (expense)	(10.721.574)	9.598.882	(5.108.425)	(6.057.205)
	(48.006.619)	(14.591.116)	(12.066.957)	(6.571.942)

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 20 - TAXATION ON INCOME (continued)

Corporate Tax (continued)

Tax rates used for deferred tax assets and liabilities calculated on temporary differences that are expected to be realised or settled based on the taxable income under the liability method are mentioned below:

Country	30 June 2021	31 December 2020
Turkey	%20 - %22	%20
Egypt	%30	%30
United States of America	%25	%25
Brazil	%34	%34
Indonesia	%22	%25
Thailand	%20	%20

The reconciliation of tax on the consolidated statement of profit or loss for the years ended 30 June 2021 and 31 December 2020 is as follows:

	Deferred tax assets/liabilities	
	30 June 2021	31 December 2020
Provision for employment termination benefits	18.996.418	18.028.095
Call option valuation variance	13.382.065	10.985.426
Stock	17.891.858	13.372.787
Prepaid expenses	10.962.329	10.962.329
Finance income	925.367	529.295
Losses carried forward	366.696	9.044.629
Other, net	32.519.619	9.554.536
Deferred tax assets	95.044.352	72.477.097
Property, plant and equipment and intangibles	(378.794.011)	(301.876.793)
Other, net	(2.129.831)	(17.373.957)
Deferred tax liability	(380.923.842)	(319.250.750)
Net deferred tax liability	(285.879.490)	(246.773.653)

Movements of deferred tax balances for the six months period ended 30 June 2021 and 30 June 2020 are as follows:

	1 January- 30 June 2021	1 January- 30 June 2020
Balance at 1 January	(246.773.653)	(248.696.490)
Current year deferred income / (expense)-net	(10.721.574)	(5.108.425)
Charges to equity	(528.789)	859.655
Effect of other adjustments (*)	2.396.639	-
Currency translation differences	(30.252.113)	(19.891.736)
Balances as at 30 June	(285.879.490)	(272.836.996)

(*) The effect of other adjustments includes the effect of a put option liability for non-controlling interests attributable to the 4.14% share in the Axiom acquisition.

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 21 – EARNING PER SHARE

Earnings per share for each class of share disclosed in the condensed consolidated statement of profit or loss is determined by dividing the net income attributable to that class of share by the weighted average number of shares of that class outstanding during the year.

	1 January- 30 June 2021	1 January- 30 June 2020
Net income attributable to equity holders of the parent	357.020.193	74.328.343
Weighted average number of ordinary shares	19.452.907.600	19.452.907.600
Per 1.000 units of common stocks	18,35	3,82
Earnings per share from continuing operations		
Net income attributable to equity holder of the parent	359.163.183	74.331.381
Weighted average number of ordinary shares	19.452.907.600	19.452.907.600
Per 1.000 units of common stocks	18,46	3,82
Earning per share from discontinued operations		
Net income/(loss) attributable to equity holders of the parent	(2.142.990)	(3.038)
Weighted average number of ordinary shares	19.452.907.600	19.452.907.600
Per 1.000 units of common stocks	(0,11)	-

NOTE 22 – RELATED PARTY DISCLOSURES

Bank balances:	30 June 2021	31 December 2020
Akbank T.A.Ş. – time deposits	216.587.088	247.820.230
Akbank T.A.Ş. – demand deposits	2.700.557	4.615.874
	219.287.645	252.436.104

	30 June 2021	31 December 2020
Akbank T.A.Ş. – bank borrowings	519.105.000	160.001.250
	519.105.000	160.001.250

Due from related parties:	30 June 2021	31 December 2020
Brisa Bridgestone Sabancı Lastik Sanayi ve Tic. A.Ş. ("Brisa")	80.318.385	63.970.889
Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	3.960	83.979
Sabancı Dijital Teknoloji Hizmetleri A.Ş. ("SabancıDx")	46.677	-
Other	9.924	144.790
	80.378.946	64.199.658

Due to related parties:	30 June 2021	31 December 2020
Enerjisa	11.597.737	13.467.332
SabancıDx	4.066.778	5.120.151
Hacı Ömer Sabancı Holding A.Ş.	32.529	2.123.362
Aksigorta A.Ş. ("Aksigorta")	-	57.412
Other	131.883	246.790
	15.828.927	21.015.047

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 22 – RELATED PARTY DISCLOSURES (continued)

Product sales	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Brisa	92.810.946	50.562.161	47.815.136	17.349.446
Other	4.611.647	1.124.037	419.076	396.000
	97.422.593	51.686.198	48.234.212	17.745.446
Service received	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Enerjisa	51.754.956	27.654.402	56.757.551	34.867.413
Aksigorta	10.439.518	(266.929)	12.687.861	1.726.375
SabancıDx	9.103.315	3.065.274	9.014.172	3.909.586
Other	-	-	871.289	86.509
	71.297.789	30.452.747	79.330.873	40.589.883
Property, plant and equipment purchases	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
SabancıDx	142.627	-	-	-
Teknosa	33.622	-	155.687	155.687
Other	159	159	2.897	2.897
	176.408	159	158.584	158.584
Interest income	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Akbank T.A.Ş.	3.128.752	1.385.146	3.759.632	3.010.271
Interest expense	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Akbank T.A.Ş.	5.610.723	1.898.954	28.921.974	14.850.544

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 22 – RELATED PARTY DISCLOSURES (continued)

Foreign exchange gains / (losses) -net:	1 January-30 June 2021	1 April-30 June 2021	1 January-30 June 2020	1 April-30 June 2020
Akbank T.A.Ş.	(1.110.395)	(11.281.455)	2.013.622	1.882.904

Rent income	1 January-30 June 2021	1 April-30 June 2021	1 January-30 June 2020	1 April-30 June 2020
SabancıDx	62.372	31.186	46.292	27.775
	62.372	31.186	46.292	27.775

Transactions with key management personnel:

The Group defined its top management as board of directors, the president (CEO) and vice presidents, and the general managers of the subsidiaries.

Details of the remunerations provided which is consist of per diem payment, salary and other additional remunerations by the Group for 2021 and 2020 are as follows:

	1 January-30 June 2021	1 April-30 June 2021	1 January-30 June 2020	1 April-30 June 2020
Short-term employee benefits	15.991.513	8.413.813	11.412.853	1.921.155
Post-employment benefits	119.948	24.230	137.939	(5.673)
	16.111.461	8.438.043	11.550.792	1.915.482

Security and guarantee letters given

The Group does not have any guarantees and letters of guarantee given as of 30 June 2021 and 31 December 2020.

NOTE 23 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Foreign currency position

Group's assets and liabilities denominated in foreign currencies at 30 June 2021 and 31 December 2020 are as follows:

	30 June 2021	31 December 2020
Assets	1.737.050.282	1.698.239.189
Liabilities	(1.678.296.770)	(1.568.186.703)
Net foreign currency position	58.753.512	130.052.486

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 23 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

30 June 2021	Total TL Equivalents	USD (*)	EUR (*)	Indonesian Rupiah ('000) (*)	Other TL Equivalent
Assets:					
Trade receivables	620.241.389	18.228.689	33.556.395	189.437.382	-
Cash and cash equivalents	225.863.734	8.167.068	14.704.926	3.838.070	53.707
Other monetary receivables and assets	-	-	-	-	-
Other non-monetary receivables and assets	33.497.064	22.500	37.247	54.751.077	35.803
Current assets	879.602.187	26.418.257	48.298.568	248.026.529	89.510
Financial assets available for sale	-	-	-	-	-
Other monetary receivables and assets	-	-	-	-	-
Non-current assets	-	-	-	-	-
Total assets (a)	879.602.187	26.418.257	48.298.568	248.026.529	89.510
Liabilities:					
Trade Payables	236.460.721	16.290.183	6.790.679	38.196.564	1.331.463
Borrowings	1.123.441.640	40.674.001	72.668.075	26.973.195	-
Other monetary payables and liabilities	54.015.138	-	-	89.946.635	-
Total short term liabilities	1.413.917.499	56.964.184	79.458.754	155.116.394	1.331.463
Borrowings	264.379.271	21.666.667	5.000.000	39.872.000	-
Other monetary payables and liabilities	-	-	-	-	-
Total long term liabilities	264.379.271	21.666.667	5.000.000	39.872.000	-
Total liabilities (b)	1.678.296.770	78.630.851	84.458.754	194.988.394	1.331.463
Off-balance sheet derivative assets (c)	857.448.095	41.767.613	47.648.480	-	-
Off-balance sheet derivative liabilities (d)	-	-	-	-	-
Net foreign currency asset/(liability) position (a-b+c-d)	58.753.512	(10.444.981)	11.488.294	53.038.135	(1.241.953)
Fair value of financial instruments used for foreign currency hedge	(13.934.725)	-	-	-	-
Hedged portion of foreign currency assets	-	-	-	-	-
Hedged portion of foreign currency liabilities	857.448.095	41.767.613	47.648.480	-	-

(*) The amounts are denominated in the related currency.

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 23 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

31 December 2020

Assets:	Total TL equivalent	US Dollars (*)	Euro (*)	Indonesian Rupiah ('000) (*)	Other TL equivalent
Trade receivables	478.512.456	17.358.460	31.790.180	124.380.560	-
Cash and cash equivalent	208.941.653	23.513.820	3.957.012	966.009	191.358
Other monetary receivables and assets	-	-	-	-	-
Other non- monetary receivables and assets	30.733.534	230.170	47.207	54.627.103	189.797
Current assets	718.187.643	41.102.450	35.794.399	179.973.672	381.155
Non-current asset held for sale	-	-	-	-	-
Other monetary receivables and assets	-	-	-	-	-
Non-current assets	-	-	-	-	-
Total assets (a)	718.187.643	41.102.450	35.794.399	179.973.672	381.155
Liabilities:					
Trade payables	253.028.764	23.186.899	6.471.578	41.189.260	3.094.363
Financial liabilities	1.016.471.765	42.833.740	73.276.196	80.677.513	-
Other monetary payable and liabilities	38.483.482	-	-	73.947.213	-
Current liabilities	1.307.984.011	66.020.639	79.747.774	195.813.986	3.094.363
Financial liabilities	260.202.692	28.888.889	5.000.000	5.965.016	-
Other monetary receivables and assets	-	-	-	-	-
Non-current liabilities	260.202.692	28.888.889	5.000.000	5.965.016	-
Total liabilities (b)	1.568.186.703	94.909.528	84.747.774	201.779.002	3.094.363
Off-balance sheet derivative assets (c)	980.051.546	60.575.755	59.436.185	-	-
Off-balance sheet derivative liabilities (d)	-	-	-	-	-
Net foreign currency asset /(liability) position	130.052.486	6.768.677	10.482.810	(21.805.330)	(2.713.208)
Fair value of financial instruments used for foreign exchange hedge	(7.708.095)	-	-	-	-
Hedges amount of foreign currency assets	-	-	-	-	-
Hedges amount of foreign currency liabilities	980.051.546	60.575.755	59.436.185	-	-

(*) The amounts are denominated in the related currency.

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 23 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

TL equivalents of the foreign currencies where the group operates are as follows:

Closing rates	30 June 2021	31 December 2020
USD	8,7052	7,3405
EUR	10,3645	9,0079
Indonesian Rubiah (1000 units)	0,6005	0,5204
Brazilian Real	1,7403	1,4125
Thai Baht	0,2716	0,2444
Egyptian Pound	0,5564	0,4674

Average rates	30 June 2021	30 June 2020
USD	7,8655	6,4611
EUR	9,4784	7,1219
Indonesian Rubiah (1000 units)	0,5508	0,4422
Brazilian Real	1,4609	1,3124
Thai Baht	0,2553	0,2044
Egyptian Pound	0,5021	0,4092

A %10 change of the TL against the other currencies below would have effect the condensed consolidated financial statement as at 30 June 2021 and 31 December 2020 as follows.

	Profit / (Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
30 June 2021				
Increase/(decrease) 10% of USD parity				
US Dollar net asset / liability	(9.092.564)	9.092.564	(9.092.564)	9.092.564
Hedged portion of US Dollar amounts(-)	-	-	-	-
Net effect of US Dollar (1+2)	(9.092.564)	9.092.564	(9.092.564)	9.092.564
Increase/(decrease) 10% of EUR parity				
EUR net asset / liability	11.907.042	(11.907.042)	11.907.042	(11.907.042)
Hedged portion of EUR amounts(-)	-	-	-	-
Net effect of EUR (4+5)	11.907.042	(11.907.042)	11.907.042	(11.907.042)
Increase/(decrease) 10% of other parities				
Other foreign currency net asset / liability	3.060.873	(3.060.873)	3.060.873	(3.060.873)
Hedged portion of other foreign currency amounts(-)	-	-	-	-
Net effect of other foreign currencies (7+8)	3.060.873	(3.060.873)	3.060.873	(3.060.873)
TOTAL	5.875.351	(5.875.351)	5.875.351	(5.875.351)

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 23 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

	Profit / (Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
31 December 2020				
Increase/(decrease) 10% of USD parity				
1-US Dollar net asset / liability	4.968.548	(4.968.548)	4.968.548	(4.968.548)
2-Hedged portion of US Dollar amounts(-)	-	-	-	-
3-Net effect of US Dollar (1+2)	4.968.548	(4.968.548)	4.968.548	(4.968.548)
Increase/(decrease) 10% of EUR parity				
4-EUR net asset / liability	9.442.811	(9.442.811)	9.442.811	(9.442.811)
5-Hedged portion of EUR amounts(-)	-	-	-	-
6-Net effect of EUR (4+5)	9.442.811	(9.442.811)	9.442.811	(9.442.811)
Increase/(decrease) 10% of other parities				
7-Other foreign currency net asset / liability	(1.406.110)	1.406.110	(1.406.110)	1.406.110
8-Hedged portion of other foreign currency amounts(-)	-	-	-	-
9-Net effect of other foreign currencies (7+8)	(1.406.110)	1.406.110	(1.406.110)	1.406.110
TOTAL (3+6+9)	13.005.249	(13.005.249)	13.005.249	(13.005.249)

Export and import balances from Turkey as at 30 June 2021 and 2020 is as follows:

	30 June 2021		30 June 2020	
	Original balance	TL	Original balance	TL
EUR	55.929.491	530.119.831	51.828.013	369.115.478
USD	43.410.991	341.448.171	30.629.103	197.898.924
TL	-	-	-	-
Total export		871.568.002		567.014.402
			1 January- 1 January-30 June 2021	30 June 2020
Total import			553.280.936	362.413.433

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 23 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

Derivative financial instruments:

The Group entered into foreign currency forward transactions with due date 2021 in order to manage the risks emerging from the sales transactions which are expected to occur within 6 months following the reporting date. The carrying values of the items hedged against the non-financial risk will be adjusted once the expected sales will take place.

The Group also uses fair value hedge with its derivative portfolio to hedge its trade receivables and payables from the effects of the exchange rate differences in the markets. According to this, the net-off figures of the exchange rate change in the balance sheet and the exchange rate change of the derivative portfolio are presented in the income statement and the effectiveness of the hedge accounting is evaluated at each reporting date.

As at 30 June 2021, Kordsa Inc. has IRS as a derivative instrument for the repayment of the loan agreement amounting to USD 93.333.333, to manage the variable interest risk of USD 46.666.677. The fair value of the derivative instrument as at 30 June 2021 is TL 3.239.222 of loss.

As at 30 June 2021, net book values of the derivative financial instruments are summarized as follows:

	Average Rates	Foreign Currency (USD)	Contract Value (TL)	Fair Value (TL)
IDR sell USD buy				
0-3 months	14,5380	5.000.000	42.815.590	(710.410)
6-9 months	14,6449	4.500.000	38.614.520	(558.880)
Total				(1.269.290)
BRL sell USD buy				
6-9 months	5,5000	1.095.851	6.027.181	(1.480.868)
9-12 months	5,7000	10.564.123	60.215.501	(6.783.196)
Total				(8.264.064)
EUR sell USD buy				
0-3 months	9,6952	13.146.955	127.461.797	160.457
6-9 months	1,1982	3.000.000	3.594.500	144.178
9-12 months	12,2078	10.146.955	123.871.997	(1.466.784)
Total				(1.162.149)
Forward/Swap Net				(10.695.503)

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 23 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

Fair value estimation

The fair value of the financial assets and liabilities is determined as follows:

- Level 1: Financial assets and liabilities are measured at quoted market prices in active market for identical assets and liabilities.
- Level 2: Financial assets and liabilities are measured using inputs that are used to determine the price of the asset or liability that is observable either directly or indirectly in the market, other than quoted included within Level 1.
- Level 3: Financial assets and liabilities are measured using inputs that are based on unobservable basis in market for the fair value of an asset or liability.

Financial assets / Financial liabilities	Fair value		Fair value level	Valuation technique
	30 June 2021	31 December 2020		
Foreign currency forward / swap assets	(13.934.725)	(7.708.095)	Level 2	Discounted cash flow method: Future cash flows estimated using forward exchange rates (observable forward exchange rates at the end of the reporting period) and contract rates are discounted using a rate that reflects the credit risk of the various parties.

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 23 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

Fair value estimation (continued)

Hedges of Net Investment in a Foreign Operation:

When there are derivative instruments or non-derivative financial liabilities arising from net investments abroad in order to hedge financial risks;

The gain or loss arising from the fair value hedge of the hedging instrument is recognized in other comprehensive income as translation reserves. The ineffective portion of the difference arising from the fair value of the hedging instrument is recognized directly in profit or loss. Gains or losses recognized in other comprehensive income related to the effective portion of the hedging instrument are reclassified to profit or loss as a result of other comprehensive income as a reclassification adjustment in the hedging of the hedged item or net investment in foreign operations.

The Company subjected the net investment in its foreign subsidiaries and the US Dollar borrowings in other subsidiaries to the hedge of a net investment in foreign operations.

	1 January- 30 June 2021	1 January- 30 June 2020
Balance at 1 January	(465.752.146)	(301.459.528)
Increases/decreases	(117.626.149)	(31.439.845)
Income tax related to gains/losses recognised in other comprehensive income	24.498.889	9.488.515
Amounts reclassified to profit or loss	(4.424.465)	(15.619.903)
Balance at 30 June	(563.303.871)	(339.030.761)

NOTE 24 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Net loss amounting to TL (4.201.941) loss for the six month period ended 30 June 2021 presented in the condensed consolidated profit or loss comprises the loss from Nile Kordsa (1 January – 30 June 2020: TL 5.957 loss).

NOTE 25 - INTEREST IN OTHER ENTITIES

Financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below:

		30 June 2021		
		Profit / (loss) allocated to non- controlling interests	Net profit / loss attributable to non-controlling interests	Dividend distributed to non-controlling interests
Subsidiary				
PT Indo Kordsa Tbk (*)	38,42%	34.284.787	799.191.005	47.560.559
Other		1.277.660	1.834.596	
Total		35.562.447	801.025.601	

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED 30 JUNE 2021

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

NOTE 25 - INTEREST IN OTHER ENTITIES (continued)

		31 December 2020		
		Profit / (loss) allocated to non- controlling interests %	Net profit / loss attributable to non-controlling interests	Dividend distributed to non-controlling interests
Subsidiary				
PT Indo Kordsa Tbk (*)	38,42%	(4.291.971)	691.745.792	4.367.443
Other		1.715.364	5.251.573	
Total		(2.576.607)	696.997.365	

(*) Consists of consolidated financial statements of PT Indo Kordsa Tbk, PT Indo Kordsa Polyester and Thai Indo Kordsa Co., Ltd.

The financial information of PT Indo Kordsa Tbk before the Group's consolidation adjustments and eliminations is as follows:

Summary balance sheet information:

	PT Indo Kordsa Tbk	
	30 June 2021	31 December 2020
Cash and cash equivalents	47.516.972	84.780.719
Other current assets	845.366.156	551.432.973
Non-current assets	1.609.273.390	1.406.908.182
Total assets	2.502.156.518	2.043.121.874
Short term borrowings	135.347.528	77.874.290
Other short term liabilities	294.884.154	186.225.416
Long term borrowings	48.318.665	54.332.427
Other long term liabilities	149.046.249	112.118.340
Total liabilities	627.596.596	430.550.473
Total equity	1.874.559.922	1.612.571.401
Equity attributable to owners of the parent	1.746.295.741	1.495.332.265
Non-controlling interests (*)	128.264.181	117.239.136

Summary Profit&Loss:

	PT Indo Kordsa Tbk	
	1 January – 30 June 2021	1 January – 30 June 2020
Sales	949.484.681	474.357.834
Cost of sales	(743.620.094)	(416.323.516)
Depreciation and amortization	(42.320.426)	(28.041.991)
Operating profit / (loss)	106.864.582	1.062.910
Net financial income / (expense)	3.781.853	(3.043.125)
Profit / (loss) before tax	110.646.436	(1.980.215)
Non-controlling interests (*)	(3.307.079)	(1.919.846)
Profit for the period	80.629.121	3.646.165

(*) Due to PT Indo Kordsa Tbk is being comprised of consolidated financial statements of PT Indo Kordsa Polyester and Thai Indo Kordsa Co. Ltd.

NOTE 26 – EVENTS AFTER THE REPORTING PERIOD

Kordsa Inc., a 100% subsidiary of our Company and residing in the USA, has completed the purchase of 4.14% minority shares of Axiom Materials Acquisition LLC, 95.86% of which Kordsa Inc owns, for USD 6,533,413 (six million five hundred thirty three thousand four hundred and thirteen). With this transaction, Kordsa Inc has become the sole partner of Axiom Materials Acquisition LLC with a 100% shareholding.