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APRIL 27, 2021

Polisan HOLDİNG

Enriching the Future

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POLİSAN HOLDİNG: CEO LETTER

Polisan Holding
CEO
Murat Yıldıran

While Turkey, one of a limited number of growing countries in the world with the 2020 GDP rate of 1.8% announced in March, took new measures against rising Covid-19 cases, we, as Polisan Holding, focused on continuing our business without interruption, by prioritizing the health of our people.

In our paint operations, in the pandemic environment where business manners have radically changed, we intensified our marketing activities and consequently, we have seen our sales volume grow. Polisan Kansai Boya's brand awareness increased by 10% compared to 4Q 2020 as a result of the "Smile at Life with Polisan" campaign that has been designed for the dealers, and the communication of which has been supported by TV and digital channels. Through the privileges we designed within the scope of the Policlubextra loyalty program, we strengthened the loyalty of our painters. Becoming more effective on our distribution channels abroad, we started to supply products to projects. At Poliport, carrying out our port operations, we launched our AION Project, by which we will fully automate all our processes and present our customers the opportunity to monitor our operations live. In our chemical operations in Turkey, although the disruption in supply chain created pressure on profitability, thanks to our competitive advantage in supply network, we delivered all our customers' orders on a timely manner, and maintained their satisfaction. With a strict financial discipline approach and focus on operational profitability, Polisan Hellas, our PET business in Greece, achieved the best first quarter performance in its history, posting the highest revenues and profitability with the support of increasing raw material prices globally, as well as the lowest euro denominated net debt and working capital. We continued to feel the effects of the pandemic at Polisan Maroc, one of our operations abroad, in Morocco.

Consequently, as a result of the actions taken that our chemical operations in Turkey and PET operations in Greece have taken by closely monitoring the market dynamics, our consolidated revenues increased by 52% compared to past year to TRY355.2 million in 1Q 2021, despite the adverse effects of the pandemic on the supply chain. In this period, thanks to the profitability achieved by Polisan Hellas, our consolidated EBITDA margin increased by 2.8 points to 17.7%. In addition, with the rising contribution of Polisan Kansai Boya, which is accounted for using the equity pick up method, we recorded a consolidated net income of TRY38.8 million. As per combined financial results, in which, the unconsolidated Polisan Kansai Boya, 50% Joint Venture with Kansai Paint, is included; our combined revenues increased by 45% to TRY751.6 million, our combined EBITDA margin by 1.0 p.p. to 17.8%, due to Polisan Kansai Boya's rising revenues on all business lines. Our combined net income came in at TRY45.5 million with the contribution of our rising consolidated operational profitability and Polisan Kansai Boya's declining net financial expense and the deferred tax income of TRY6.4 million.

In 2021, we are continuing to strengthen our human resources at points of need. We keep on our innovation, customer focus, sustainability and digitalization oriented investments, which are both the compass and basis of our long-term strategy. In this context, we broke ground for an investment of approximately €5 million to build a new resin facility at Industry 4.0 standards. The facility will be supported by universal reactors for new products and have a state-of-the-art infrastructure where the product range can be diversified with a variable reaction capability. At Poliport, our capacity increase investment on land behind the terminal area, has begun. Having the opportunity to increase capacity to 436,000 m^3 in the long term with the approved Environmental Impact Assessment (EIA) Report, at Poliport, we are planning to carry on to expand our portfolio through value-added, end-to-end services. At Polisan Kansai Boya, we will focus on maintaining our high profitability levels by creating synergies through our business partnerships with Dow Chemical and Kansai Paint. Exports will remain a potential growth driver in our chemical and paint businesses. We will maintain the financial discipline that we meticulously focused on, also this year, as an indispensable element of our operations. We will clarify our strategy regarding Polisan Hellas by closely monitoring the new regulations in Greece. DAP Yapı is waiting for the revised zoning plans to be finalized by the municipality and public institutions in order to obtain the construction permit for the project, which it will build in Kurtköy on a 173,000 square meter area of land of Polisan Yapı, established to utilize our Holding's assets without having to bear any capital expenditures. Concrete steps will be taken in the project once the necessary bureaucratic procedures are completed.

We continue our operations with the awareness of sustainability and social responsibility. In this context, recently, Polisan Kansai Boya has become the Jersey Sponsorship of the Hearing-Impaired Men's Volleyball A National Team during the 24. Olympic Games with a protocol signed with Turkey's Sports Federation For the Hearing-Impaired. We will continue to support education, culture - arts, sports and the environment in order to improve the quality of life of our people.

I would like to take this opportunity to wish success to Mr. Mehmet Hacıkamiloğlu to whom I transferred my duty as CEO as of April 1, and also I would like to thank, on behalf of Polisan Holding, to all our stakeholders, primarily our shareholders, employees, business partners and customers who provided their continued support.

POLİSAN HOLDİNG: CORPORATE PROFILE

Company Name	: Polisan Holding A.Ş.
Address (Headquarters)	: Dilovası Organize Sanayi Bölgesi 1. Kısım Liman Caddesi No : 7 Dilovası – KOCAELİ
Address (Branch)	: Hilltown Ofis, Aydınevler Mh. Siteler Yolu Cd. 28 No: 1/A 34854 Küçükyalı - İSTANBUL
Trade Registry Office and Number	: Gebze Ticaret Odası – 5769 / İstanbul Ticaret Odası – 615757
Tax Office and Number	: KOCAELİ - Uluçınar Vergi Dairesi Müdürlüğü - 7320206873
Subjected Legal Regulations	: Laws of Republic of Turkey
Telephone and Fax Number	: Tel. 00 90 216 578 56 00 ; Fax. 00 90 216 573 77 92
Internet Address	: www.polisanholding.com.tr
E-mail Address	: yatirimciiliskileri@polisanholding.com.tr; investorrelations@polisanholding.com.tr
Capital	: TRY758,500,000
Registered Capital Ceiling	: TRY1,000,000,000
The Bourse/Market Where Shares Are Traded	: Bourse İstanbul (BIST) / Primary Market Group 1
Indices, in Which The Company Is Included	: BIST SUSTAINABILITY / BIST ALL / BIST DIVIDEND / BIST HOLDING AND INVESTMENT / BIST ALL -100 / BIST KOCAELİ / BIST MAIN / BIST FINANCIAL
Date of Quotation on the Bourse	: May 24, 2012
Ticker Symbol	: POLHO
Independent Auditor	: Güney Bağımsız Denetim ve SMMM A.Ş.
Independent Auditor's address	: Eski Büyükdere Cad. Orjin Maslak No: 27 Maslak/Sarıyer 34398 İSTANBUL

POLİSAN HOLDİNG: GROWS VIA NEW PARTNERSHIPS AND BUSINESS LINES

Polisan HOLDİNG *

PAINT	PORT OPERATIONS	CHEMICAL ACTIVITIES	REAL ESTATE
	Poliport 100%	Polisan KİMYA 100%	Polisan YAPI 100%

FOREIGN PARNERSHIP

- Polisan HOME COSMETICS – KANSAI PAINT: 50%
- ROHM AND HAAS – DOW: 40%

FOREIGN OPERATIONS

- Polisan HELLAS: 100%
- Polisan MAROC: 99%

** The ratios in this graphic show Polisan Holding's direct and indirect share in the related subsidiary. The agricultural activities have been halted as of April 16, 2019.*

POLİSAN HOLDİNG: SHAREHOLDER STRUCTURE & OPERATIONS

Polisan Holding has been established in 2000 in order to maintain coordination within the group companies, provide management for them, and ensure the group companies operate using advanced techniques in the area of planning, marketing, financial affairs, financing and fund management, legal affairs, human resources, and information technology; and that the Holding continues its operations in this direction. Holding's Commercial Center is located at Dilovası Organize Sanayi Bölgesi 1.Kısım Liman Cad. No:7 Dilovası – Kocaeli. Holding's İstanbul Branch is located at Hilltown Ofis, Aydınevler Mh. Siteler Yolu Cd. 28 No: 1/A 34854 Küçükyalı, MALTEPE / İSTANBUL.

POLİSAN HOLDİNG'S SHAREHOLDER STRUCTURE:

	Share Amount (TRY)	Share Ratio (%)
Bitlis Family	575,427,933.75	75.9%
Other	18,920,409.40	2.5%
Float	164,151,656.85	21.6%
Total	758,500,000.00	100.0%

POLİSAN HOLDİNG'S OPERATIONS:

Polisan Holding's subsidiaries and Joint Ventures (JVs) are as follows:

Subsidiaries:

- Polisan Kimya Sanayii A.Ş.
- Poliport Kimya Sanayi ve Ticaret A.Ş.
- Polisan Yapı İnşaat Taahhüt Turizm Sanayi ve Ticaret A.Ş.
- Polisan Hellas SA
- Polisan Maroc SA

JV's:

- Polisan Kansai Boya Sanayi ve Ticaret A.Ş.
- Tintomix Pigment Pasta Sanayi A.Ş.

Associates:

- Rohm and Haas Kimyasal Ürünler Üretim Dağıtım ve Ticaret A.Ş.

The Group's main operations are located in Turkey and it has subsidiaries located in Greece and Morocco. The operations are focused on the:

- Production and sales of chemical materials,
- Production and sales of paint,
- Production and sales of construction chemicals,
- Port, storage, and warehousing services,
- Construction, building real estates, trading, imports, and commercial activities on this area,
- Plastic products; containers for beverage, water, drink, and food; production of Polyethylene Terephthalate (PET) resin and preform with a wide usage spectrum such as synthetic fiber,
- Services provided by Polisan Holding to Group companies such as accounting, finance, budgeting, healthcare, repair, maintenance, investment, human resources etc.

Note: Information and development on Polisan Holding and its subsidiaries is available on the pages 8-17 of this Report.

POLİSAN HOLDİNG: MISSION, VISION & STRATEGIC PRIORITIES

OUR MISSION

To have a share in the development of the Turkish society and economy through our superior services, products and create high value to the environment and the sectors in which we operate.

OUR VISSION

- To be one of the most respected group companies in Turkey
- To be the group of companies, which are most desired to work for by people
- To lead the sectors we compete in and be recognized as the leader

As a result, ensuring sustainable growth and high return to our customers, employees, and shareholders.

OUR STRATEGIC PRIORITIES

Maximizing value for all stakeholders through:

- Sustaining profitable growth of existing businesses,
- Maximizing intra-group synergies,
- Forming strategic alliances to expand in high margin, new business lines,
- Utilizing the other assets in the Holding's portfolio,
- Exploring new markets and becoming a global brand with Polisan's innovative products, services, and practices,
- Having the environment, social responsibility and governance in focus in all operations,
- Maintaining a high level of Corporate Governance standards with professional management.

1Q 2021 EVALUATION: POLİSAN HOLDİNG - CONSOLIDATED

OPERATIONAL PROFITABILITY IS GROWING STRONGER

TRY milion	2019	2020	YoY (%)	1Q 2020	4Q 2020	1Q 2021	YoY (%)	QoQ (%)
Revenue	1,013.1	1,051.3	***3.8%***	233.6	300.3	355.2	***52.1%***	***18.3%***
EBITDA*	119.5	175.7	***47.0%***	34.7	52.0	62.7	***80.8%***	***20.6%***
EBITDA Margin	11.8%	16.7%	***4.9 p.p.***	14.9%	17.3%	17.7%	***2.8 p.p.***	***0.4 p.p.***
Net Income/Loss	63.2	126.6	***100.2%***	8.3	79.3	38.8	***n.m.***	***-51.1%***

Consolidated Financial Results

In 1Q 2021, despite the negative impact of the pandemic on the supply chain, Polisan Holding Companies closely monitored market trends, evaluated opportunities, and thanks to the raw materials supplied by their strong network; strong revenue growth has been achieved in PET operations in Greek Market and chemical operations in Turkey. The revenues of Poliport, carrying out the port operations, have also increased thanks to the positive exchange rate effect. Consequently, Polisan Holding's consolidated revenues increased by 52.1% compared to the past year, reaching TRY355.2 million. In this period, Polisan Hellas recorded the best first quarter performance of all time in terms of revenues as well as profitability with the support of increasing raw material prices globally. Thus, in 1Q 2021 consolidated EBITDA margin increased by 2.8 p.p. compared to Q1 2020 to 17.7%, despite the decline in cargo handled in the port operations and the rising raw material costs in its chemical operations in Greece and Turkey. During this period, profit from investments accounted by using the equity pick up method (1Q 2020: -TRY5.0 million; 1Q 2021: TRY5.2 million) increased due to Polisan Kansai Boya's rising revenues and falling net financial expenses. Thanks to the meticulous financial discipline adopted by the Group Companies, the net profit of TRY8.3 million in 1Q 2020, approximately increased by 4 times, to TRY38.8 million.

Combined Financial Results

As per combined financial results, in which, the unconsolidated Polisan Kansai Boya, 50% Joint Venture with Kansai Paint, is included; combined revenues increased by 44.8% to TRY751.6 million with Polisan Kansai Boya's rising revenues on all business lines, also supported by the base effect in 1Q 2020. The combined EBITDA margin increased by 1.0 p.p. to 17.8% despite the problems in the supply chain and the pressure created on Polisan Kansai Boya's operational profitability by the fx denominated raw material costs rising with the depreciation of the TRY. Combined net income, which came in at TRY6.3 million in 1Q 2020, boosted to TRY45.5 million with the contribution of rising consolidated operational profitability and Polisan Kansai Boya's declining net financial expense (1Q 2020: -TRY40.5 million; 1Q 2021: -TRY33.6 million), and the deferred tax income of TRY6.4 million.

Actual Results and Forward-Looking Expectations

Polisan Holding and Group Companies achieved a very strong operational and financial performance in 1Q 2021. Of the Group Companies subject to consolidation, Poliport expects to increase its revenues by 15% and post similar levels of EBITDA margin; Polisan Kimya foresees 15% revenue growth and a flat EBITDA margin, whereas Polisan Hellas is estimated to record a 15% rise in revenues and EBITDA margin of 1 to 3%. In parallel, Polisan Holding's consolidated revenues are expected to increase by 15% and consolidated EBITDA margin by one point compared to 2020. The effect of the measures taken with a focus on profitable growth will become more visible in the upcoming periods.

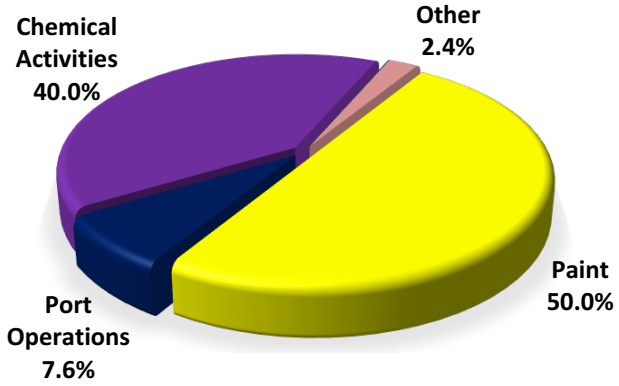
The EBITDA calculation methodology excludes Other operating income and expense as of 2018 year end.

1Q 2021 EVALUATION: POLİSAN HOLDİNG - COMBINED

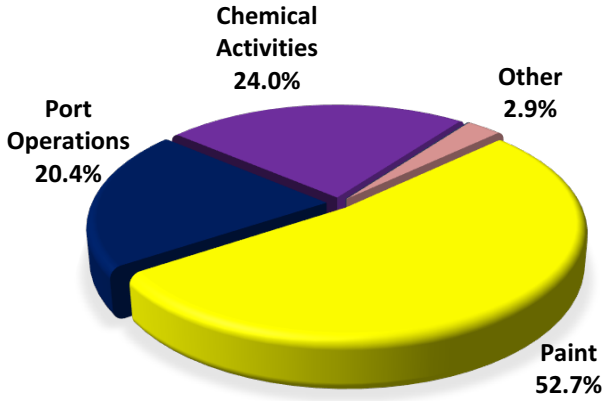
REVENUE AND EBITDA INCREASE ALSO WITH THE CONTRIBUTION OF PAINT OPERATIONS

TRY milion	2019	2020	YoY (%)	1Q 2020	4Q 2020	1Q 2021	YoY (%)	QoQ (%)
Revenue	2,011.2	2,175.8	***8.2%***	519.2	585.8	751.6	***44.8%***	***28.3%***
EBITDA	311.5	415.6	***33.4%***	87.1	100.5	134.1	***53.6%***	***33.4%***
EBITDA Margin	15.5%	19.1%	***3.6 p.p.***	16.8%	17.2%	17.8%	***1.0 p.p.***	***0.6 p.p.***
Net Income/Loss	86.9	186.5	***114.7%***	6.3	119.2	45.5	***n.m.***	***-61.8%***

1Q 2021 Combined Revenue Breakdown



1Q 2021 Combined EBITDA Breakdown



1Q 2021 EVALUATION: POLİPORT

CARGO HANDLED AND OPERATİONAL PROFITABILITY INCREASE

TRY milion	2019	2020	YoY (%)	1Q 2020	4Q 2020	1Q 2021	YoY (%)	QoQ (%)
Revenue	174.8	237.4	***35.8%***	51.1	66.5	56.9	***11.4%***	***-14.5%***
EBITDA	92.0	129.5	***40.8%***	25.5	35.6	27.4	***7.3%***	***-23.1%***
EBITDA Margin	52.7%	54.6%	***1.9 p.p.***	50.0%	53.6%	48.2%	***-1.8 p.p.***	***-5.4 p.p.***
Net Income/Loss	51.8	31.9	***-38.3%***	11.8	15.3	10.0	***-15.1%***	***-34.6%***

Poliport was founded in 1971 on the land rented from Kocaeli Revenue Office, General Directorate of National Real Estate. With its jetty, pier, embarkment, and warehousing facilities; Poliport is one of the largest ports, which is also the closest to Istanbul on the Anatolian side in Turkey. Kocaeli Gulf Region is one of the ten largest ports in the European Union. Located in the industrial zone where ~45% of Turkey's GDP is generated, Kocaeli Gulf Region is the largest port in Turkey and it is ranked in the first place, capturing a 17.2% share in Turkey's foreign trade and 14.9% share in the total cargo handled in Turkey in 2019. Having spread on a 280,000 m² land, Poliport is one of the limited numbers of independent chemical storage terminals, which do not carry out merchandising activities, but proving storage and handling services for the products of the third parties. It is also among the few liquid storage terminals. Poliport is very close to strategic gateways as it is only 30 minutes away from Istanbul, 25 minutes from Sabiha Gökçen Airport, 400 meters from the new bridge, 1 kilometer from TEM (Trans-Europe) Motorway, 1.8 kilometers from D-100 Highway, and crossed by a railway. Operating on an area with a customs and eligible for import and every kind of transit trade practices, Poliport is the leader terminal of Kocaeli Gulf Region. Poliport has 3 main operational activities. In Bulk Liquid Services business line, the annual handling capacity is 2.5 million tons. Since 1990s, the world's largest manufacturers such as Dow, BASF, Bayer, and Shell are among the clients of Poliport. Total cargo handled in 2020 stood at 1.7 million tons, 40% composed of chemicals and 60% liquid fuel products. In Dry Bulk and General Cargo Services business line, annual handling capacity is 5 million tons and the products mainly handled are various bulk and general cargo such as coal, aluminum, different types of tin, iron, shaped tube, urea, grains, silica, and forestry products. Cargo handled at the Dry Buk Terminal totalled 2.8 mln tons in 2020. As for warehouse services, through its website, Poliport provides with the opportunity to track the inventory and delivery of the products stored in A Type General Warehouses where it offers storage and logistic services located on a 40,430 square meter area. In 2020, cargo stored in A type warehouses was 326,246 tons.

Based on the data released by the Directorate General of Merchant Marine as of March 2021, cargo handled at Turkish Ports decreased by 3.4% compared to the same period of previous year, to 123.6 million tons due to the fall in foreign trade, transit and cabotage cargo, resulting from the slowdown in global trade caused by Covid-19. In the same period, with 19.9 million tons on a 3.2% year on year rise, Kocaeli Gulf Region maintained its leadership as the port where the most cargo was handled in Turkey. At Poliport, 527,476 tons (1Q 2020: 670,085 tons) handled at the dry bulk pier and 407,319 tons (1Q 2020: 426,309 tons) handled at the terminal while 63,952 tons (1Q 2020: 97,092 tons) of cargo were stored in A type warehouses. Based on a ranking of operational profitability, starting with the highest margin, the share of bulk liquid storage, dry bulk, and warehouse services in revenues realized at 72%, 19% and 9%, respectively. In 1Q 2021, even though the cargo handled at the terminal decreased in absolute terms, the revenues increased compared to the previous year, as customers continued to lease their tanks to ensure business continuity. On the dry cargo front, revenues deteriorated compared to past year as the cargo handled in 1Q 2020 was above the usual levels due to the extraordinary activity in coal imports. Ultimately, revenues rose by 11.4% compared to last year due to the fact that the decrease in cargo handled was partially offset by the positive exchange rate impact. EBITDA margin decreased by 1.8 p.p. to 48.2% in the same period as a result of fixed expenses incurred and rising maintenance and repair expenses. Poliport's financial income, which came in at TRY4.9 million in 1Q 2020, increased to TRY16.8 million in 1Q 2021 with income arising from the exchange rate difference on the cash position of the Company. Poliport's net income fell by 15.1% to TRY10.0 million due to the TRY19.1 million net financial expense (1Q 2020: TRY16.1 million) and TRY1.8 million deferred tax expense (1 2020: TRY4.8 million deferred tax income).

2021 will be a breakthrough year for Poliport, which prioritized human health in its facilities in response to the Covid pandemic. In this context, the Company initiated the AION PROJECT with an aim to commence port automation program in 2022. As a requirement of sustainable growth, Poliport conducts its operations, in a transparent and accountable manner with a focus on providing a better service to its customers, achieving high operational efficiency level and making a difference by using technology. The Company aims to further rise its already high Occupational Health and Safety level by increasing its operational efficiency through automation systems and carries out all its activities within the scope of this main principle. Poliport commenced its capacity increase in the beginning of 2020, raising it to 271,000 m³ from 237,000 m³ in 2017, through investment expenditure of US$13.5 million in 2018 and US$15.0 million in 2019. Having begun studies regarding a capacity increase on land behind the terminal area, the Company has the opportunity to increase its capacity to 436,000 m³ with an investment of TRY359 million in the long term. Poliport indexes its terminal service price increases to US CPI, records its revenues in US dollar and its costs in TRY. The Company continues to realize its capacity increase investments based on the fill rate of tanks. Poliport aims to expand its customer base through competitive prices while increasing its revenues and profitability by enhancing its product portfolio and sectors to which it provides services. The Company is to continue to build on adding value for its customers and maintain its competitive advantage by providing integrated port and logistics services. As certain terminals, which handle their own dry bulk cargo in the Kocaeli Gulf Region and provide services at very competitive prices in order to utilize their idle capacity, approach full capacity utilization rates, the supply-demand balance is expected to deteriorate in favor of Poliport.

1Q 2021 EVALUATION: POLİSAN KANSAİ BOYA

According to BOSAD data, the decorative segment grew by 28% in terms of volume to 517,000 tons in 2020, with also contribution of the base effect. The sector, reaching approximately TRY4 billion in revenues on a 36% rise, captured the largest share from the paint market with 50%. Polisan Kansai Boya's main area of activity is paints used in construction and insulation works, special purpose and auxiliary products, insulation materials, thinner, and paste. The Company also manufactures and sells products such as paint, varnish, primer, and coating to evaluate the potential of marine, furniture and industrial paints.

As its differentiation strategy, Polisan Kansai Boya emphasized the "Polisan does not produce paint, it produces Home Cosmetics" approach, claiming that paint is not all about colors, but that in addition to its functional benefits of maintenance and protection, paint makes an aesthetic contribution to the environment. Within this context, it has registered "Home Cosmetics" concept in 2008 and became the first company introducing "Home Cosmetics" approach to the world. Additionally, it has developed Turkey's first 7-feature interior, 9-feature exterior paint, water-based oil paint, plastic surface spray paint, water based road marking paint, wood protector spray varnish and anti-carbonization featured exterior paint. Continuously investing in the development of innovative products, the laboratories of Polisan Kansai Boya in Turkey's 159th R&D Center has obtained International Validity Accreditation Certificate. Polisan Kansai Boya is also the first paint producer in Turkey and one of the three in Europe, which has been granted Environmental Product Declaration (EPD) Certificate for its four products. Besides, Polisan Kansai Boya has been included in the TURQUALITY® Support Program, which was initiated to build up on and solidify the positive image of the Turkish brands in abroad, under the "POLİSAN" brand name. In addition to the innovative products, Polisan Kansai Boya offers innovative solutions, too. Its insulation insurance is also a global first in the insurance sector. Polisan Kansai Boya positions its sales channel as the production center and ensures effective inventory management through Turkey's first water-based mix machines providing products at the factory quality from 3,500 points, and with its 12 Logistic Centers spreading to 46,000 square-meter area. Another first by Polisan Kansai Boya; the loyalty program and collection practice using a single POS, ensure a problem free collection process as well as maintaining loyalty of painters registered in its system. Polisan Kansai Boya serves in more than 2,500 sales points throughout Turkey using "Polisan Shop" concept, which was initiated in 2008 in an attempt to help Polisan Kansai Boya dealers to improve their businesses and plan their future while ensuring comfort for its customers. The Company produces for 2 of the 3 market chains' brands and has the most extensive sales network in Turkey with 5,650 dealers; 1,000 of which are exclusive. 50% of Polisan Boya shares has been transferred to Kansai Paint, one of the world's top 10, and Japan's leading paint producer, for US$113.5 million as of December 21, 2016. Continuing its activities as Polisan Kansai Boya Sanayi ve Ticaret A.Ş. since then, the JV completed in 2018 the new paint production and warehouse facility investment, which had begun in 2016, and commenced actual production as of 2019. Located on its 142,000 square meter land in Gebze Chemical Specialization Organized Industrial Zone and started production with an annual design capacity of 180,000 tons/shift, the new facility is calibrated for Industry 4.0, EN 1090-2 certified and Turkey's first LEED GOLD certified paint facility, while ranking as the 308th production facility in the world to hold this certificate. In addition to the efficiency it provides, with the potential of tripling its capacity without having to make additional investment just by operating in three shifts, the fully automated facility is the largest and has the highest capacity within Kansai Paint Factories. In this context, the positioning of the new facility as Kansai Paint's regional production hub, was brought to the agenda and by launching Polisan Kansai Russia Representative Office, infrastructure studies were initiated to become a stronger player in the Russian market. The Company, which has preferred to keep its export volume at a certain scale due to the capacity bottleneck at the old facility, has nonetheless actively exported - including project sales - to 37 countries, from Nigeria to Azerbaijan, and from Iraq to Ghana, as well as neighboring countries such as Russia and the Turkish Republic of Northern Cyprus over the past eight years. Polisan Kansai Boya exported to 20 different countries in 2020 and has distributor agreements in 16 of these countries. With 3 stores opened by the Company in 2020 in France, Turkmenistan and Romania, the number of Polisan Shops abroad increased to 118. Having established with the aim of ascending the global leadership scale, Polisan Kansai Boya partnership identified new target countries within this context. The studies were initiated by evaluating the conditions of entry to those countries and customer habits. The system and infrastructure installation in target markets is incentivized by the government within the scope of the Turquality Program, which the Company participated in 2014.

Having temporarily suspended production due to Covid-19, Polisan Kansai Boya increased its sales volume in 2020, excluding the tender effect in 2019. This increase resulted from sales to the construction sector, which revived with the decrease in housing loan interest rates; the realization of some of the postponed demand; as well as the demand for decorative and antibacterial paint by those who wanted to beautify their homes during the quarantine process in the Covid-19 period. In the pandemic environment where business manners have radically changed, Polisan Kansai Boya Sales Academy that has been established in 2020, initiated the "Sales Culture and Development Project". The trainings offered and with the "I stand by you" slogan and within the scope of the project in order to ensure the adaptation of the sales team to constantly changing conditions have started to bear fruit. Polisan Kansai Boya's brand awareness increased by 10% compared to 4Q 2020 as a result of the incentives to increase the motivation of the sales team, micro marketing activities on site and the "Smile at Life with Polisan" campaign designed for dealers and supported on TV and digital channels. Through the privileges designed for painters within the scope of Policlubextra loyalty program, both painters became more participant to the system and loyalty has been strengthened. Although Covid-19 affected overseas activities, Polisan Kansai Boya's export-oriented growth strategy continued. Export revenues grew by 47% in dollar terms, thanks to the products supplied to the projects as the distribution channels abroad became more effective. Ultimately, the Company's paint sales volume increased by 59% compared to 1Q 2020, with revenues and EBITDA reaching an all-time high first quarter level. In 2021, the Company plans to relocate to the new R&D building, built in 2020. In an environment where Covid-19 cases have increased significantly, while Polisan Kansai Boya prioritizes human health in its operations and maintains all health measures with care, the Company achieves a strong operational and financial performance thanks to its cautious foreign exchange position and working capital management.

Prioritizing human health in its operations, Polisan Kansai Boya continues its studies aimed at new segments and markets with a focus on simplifying processes in all its functions through digitalization; working with minimum inventory by weighing on production on-site with mix machines; managing the working capital requirement in the most efficient way possible through days receivables and payables. The facility investment is expected to finance itself through savings obtained in the new facility in areas such as raw material procurement, labor and packaging, as well as corporate tax exemption within the scope of investment incentive. Polisan Kansai Boya does not have a large-scale investment plan in the near future.

1Q 2021 EVALUATION: CHEMICAL ACTIVITIES

Polisan HOLDİNG

TURKEY

POLİSAN KİMYA

- Formaldehyde and Resins
  - Formaldehyde
  - Urea Formaldehyde Resin
  - Urea Formaldehyde Concentrate
  - Phenol Formaldehyde Resin
- Construction Chemicals
  - Concrete Chemical Additives
  - Cement Chemical Additives
  - Underground Chemical Additives
- Aus-32/AdBlue©

FOREIGN PARTNERSHIP

ROHM & HAAS (DOW)

- Polisan Kimya - a subsidiary of Polisan Holding – is Turkey's 1st emulsion polymer producer
- In 2004, a JV was formed with Rohm & Haas
- Partnership continues with Dow Chemicals since Rohm & Haas' acquisition in 2009
- Buying, selling and marketing of emulsion polymers, additives and their raw materials

INTERNATIONAL INVESTMENT

POLİSAN MAROC

- International investment in Morocco
- Positioned as a gateway to the African market
- Production and sales of concrete, cement admixtures
- Adblue sales
- Facility commenced trial production in November 2017 and began generating revenue in 1Q 2018

POLİSAN HELLAS

- Operational in Greece
- The sole Polyethylene Terephthalate (PET) resin and preform producer in Greece and the Balkans
- r-PET sales began in 2019

1Q 2021 EVALUATION: POLİSAN KİMYA

REVENUE AND PROFITABILITY GO UP WITH CUSTOMER FOCUS AND COST MEASURES

TRY milion	2019	2020	*YIL (%)*	1Q 2020	4Q 2020	1Q 2021	*YoY (%)*	*QoQ (%)*
Revenue	346.0	386.3	***11.7%***	80.4	122.2	136.7	***69.9%***	***11.9%***
EBITDA	43.8	48.1	***9.8%***	9.1	15.6	8.8	***-3.9%***	***-43.9%***
EBITDA Margin	12.7%	12.5%	***- 0.2 p.p.***	11.3%	12.8%	6.4%	***-4.9 p.p.***	***-6.4 p.p.***
Net Income/Loss	-1.6	24.7	***n.m.***	2.6	14.9	-0.0	***-101.4%***	***-100.2%***

The operating activity of Polisan Kimya is the production and sales of formaldehyde and formaldehyde resins, construction chemicals (concrete, cement and underground chemicals), and AUS 32-AdBlue©. Polisan Kimya is Turkey's first producer of formaldehyde resin, which can be used in the production of chip board, paper impregnation, MDF, and plywood. Turkey is the 5th largest consumer in the World's Board Industry, in which Formaldehyde Resin is used. Polisan Kimya is ranked in the 1st place in resin production, with a 40% market share. Based on 2019 data released by the European Ready Mixed Concrete Association (ERMCO), while the total production volume of all European Union member countries stood at 260 million cubic meters, Turkey's production alone at 67 million cubic meters, ranks it the first in Europe since 2009, and the third globally following Chine and the US. In the field of cement, Turkey ranks as Europe's 1st and the world's 9th largest producer with 57 million tons of production. With an approximately 20% market share, Polisan Kimya became one of the three leading companies in the construction chemicals market, which has 7 foreign and close to 20 domestic companies. Additionally, Polisan Kimya is one of Turkey's first AdBlue© manufacturers for the global giants such as Lukoil, BP, OMV, and Total. AdBlue© contributes to the environmental cleaning by decreasing NOx exhaust gas emission by 80%. In 2020, the share of revenues stemming from formaldehyde and resins, construction chemicals, Adblue and raw material sales in total revenues amounted to 46%, 37%, 4%, and 13%, respectively.

Oil prices, which declined in the first half of 2020 with the effect of pandemic, resulted in a decrease of up to 50% in raw material prices, and eventually led to a gradual fall in final sales prices. Housing loans, which declined in the second half of 2020, within the framework of the government's measures to stimulate domestic demand, led to a revival in the construction sector. Sales of the formaldehyde product group, which provides binders to the rock wool industry, were positively affected by the increasing insulation activities due to the revival in residential construction projects. In 1Q 2021, there was an increase in demand in the resin market. However, the significant increase in raw material prices that started at the end of 2020 and continued into the first quarter of 2021, coupled with the issues of finding containers across the globe as well as logistics problems about the routes, had a negative impact on the Turkish chemical industry. By following a strategy that prioritizes customer satisfaction and loyalty, Polisan Kimya has met the demand in the market thanks to the raw materials obtained from its supplier network, an area which it has a competitive advantage over its rivals. In formaldehyde and resins, sales volume increased by 24% and revenues by 89%. As for the construction (concrete, cement and underground) chemicals product group, the revival in the construction sector, which contracted for 8 consecutive quarters, started in the second half of 2020 and continued into 1Q 2021. Having recently initated two mining projects and signed a joint project with the General Directorate of Turkish Coal Enterprises, Polisan Kimya saw its sales volume grow by 40%, revenues by 49%, stemming from the demand in concrete chemicals within the construction chemicals product group. Adblue revenues, which Polisan Kimya continues to maintain in its portfolio for brand awareness purposes, increased by 27%, and the revenues of the other product group, including raw material sales, increased by 48%. In 1Q 2021, despite of limited means, the share of exports in revenues was realized at 13%. As a result, in 1Q 2021; Polisan Kimya's revenues increased by 69.9% compared to a year ago, reaching TRY136.7 million. The problems in the supply chain, the increase in fx denominated raw material cost with the depreciation of TRY, and the delay in reflecting price increases to consumers resulted in EBITDA to remain flat at previous year's level of TRY8.8 million while leading to a fall in EBITDA margin by 4.9 points to 6.4%. The net income, which came in at TRY2.6 million in 1Q 2020, decreased to TRY0 million in 1Q 2021, with the effect of increased other operating expenses related to fx denominated liabilities of the Company.

Continuing to prioritize human health in its operations and to organize its shifts according to social distance rules, Polisan Kimya focuses on working on new products with a focus on sustainable profitability, increasing customer satisfaction, maintaining its profitability with cost measures and managing its working capital requirement at optimum efficiency. The Company initiated an investment of approximately €5 million to build a new resin facility at Industry 4.0 standards. The facility will be supported by universal reactors for new products and have a state-of-the-art infrastructure where the Company can diversify its product range with a variable reaction capability. In 2017, the new construction chemicals have been established in Adana and Samsun in Turkey, and Morocco in abroad (Polisan Maroc SA) with the aim of a more effective process in the sales and marketing of concrete and cement admixtures, domestically and internationally. Having established its Sales, Production and R&D teams in a short period of time, Polisan Maroc entered as a producer to the construction chemicals market, in which its international competitors such as Sika, Master Builders Solutions (previously known as BASF Construction Chemicals) and Chryso are prominent players, increasing its market share to over 10% by the end of 2020. Additionally, Polisan Kimya started to produce specific concrete additives used in underground railways, tunnels, and mines; developed by Polisan Kimya's R&D Center, which was certified in June 2017. According to the Regulation on the Protection of Buildings from Fire, issued by the Council of Ministers, exterior facades should be made of hard combustive materials in building s with a height of more than 28.5 meters and made from the least flammable material in other buildings. Phenol resin is used in rock wool, which has a "fireproof" feature in the A1 fire category, and increasing rock wool demand is expected to result in a surge in phenol resin demand.

1Q 2021 EVALUATION: POLİSAN HELLAS

COMPETITION AND PRICE PRESSURE CONTINUE

TRY milion	2019	2020	YoY (%)	1Q 2020	4Q 2020	1Q 2021	YoY (%)	QoQ (%)
Revenue	502.4	440.8	***-12.3%***	104.9	117.4	164.1	***56.4%***	***39.8%***
EBITDA	-1.7	-11.7	***n.m.***	-1.8	-1.6	23.5	***n.m.***	***n.m.***
EBITDA Margin	-0.3%	-2.7%	***-2.4 p.p.***	-1.7%	-1.4%	14.3%	***16.0 p.p.***	***15.7 p.p.***
Net Income/Loss	-17.1	-14.4	***-15.7%***	-4.5	-2.3	20.2	***n.m.***	***n.m.***

Polisan Hellas SA, which is owned by Polisan Holding, has purchased 100% of the assets owned by Spanish Artenius Hellas; the sole Polyethylene Terephthalate (PET) resin producer in Greece and Balkan region, in September 2013 for €8,675,000 including taxes, all fees and other expenses. Located on a 15 hectare closed area and 75 hectare land in total and having ISO 9001:2015, ISO 14001:2015, ISO 22000:2018, ISO 45001:2018, ISO 50001:2 certification, Polisan Hellas quickly completed its integration to Polisan Holding following the acquisition. Polisan Hellas had started to be consolidated into Polisan Holding financials by the end of 2013. Having a total of annual 84,000 tons of PET capacity including 24,000 tons of r-PET, the Company's operating area is the production of Polyethylene Terephthalate (PET) and r-PET (Recycled) granule and preform, which has a wide usage area such as soft drink, water, food and beverage bottles, and synthetic fiber. Positioned as the only Polyethylene Terephthalate (PET), and one of the pioneer r-PET granule and bottle preform producers in Greece and the Balkans, Polisan Hellas markets its products to carbonated and non-carbonated beverage manufacturers engaged in production on a global scale; drinking water sector; preform producers; entire Balkans including Greece and Italy. Polisan Hellas has been growing by adding the world's leading beverage producers to its customer portfolio since 2014, when the company started its activities in the Greek market. In 2020, exports constituted 29% of the Company's total revenues. In 2020 received a share of 29% from its total revenues. Acting as the epicentre for Polisan Holding to open up and invest in the new markets in the EU, Polisan Hellas is to provide synergies for Polisan Holding Companies by using Polisan Kimya's technologic know-how and marketing capabilities in the area of polymerization, Polisan Kansai Boya's sales network, and Poliport's logistic and storage advantages in raw material procurement.

In 2020, the Greek PET market faced a serious contraction in demand due to the pandemic experienced before the spring and summer season, in particular when the consumption is triggered by tourism. Petroleum and raw materials used in PET production have also seen the lowest price levels for the last 15 years, leading to a pressure of up to 20% in final prices. Inventories piled up pre-season caused many players in the industry to face financial difficulties. In this environment, Polisan Hellas closely monitored the trends in oil prices and the raw material bottleneck in the sector, planning the maintenance shut-downs at the factory and managing its inventories in the most effective way. In addition, unlike the large-scale manufacturers, which declared Force Majeure following leading suppliers due to the disruption in global supply chain, the Company has used the advantage of its scale. Polisan Hellas sold all its inventories maintained from previous quarters at a profitable level, taking advantage of the contraction in imported products entering the market. Thus, Polisan Hellas recorded the best first quarter performance of all time in terms of revenue and profitability.

In 1Q 2021, Polisan Hellas' revenues increased by 56.4% to TRY164.1 million and its EBITDA margin by 16 p.p. to 14.3%. With a financial discipline approach, the Company has refinanced its debt at favorable interest rates, reducing its euro denominated net debt to its all-time low level. In this period, Polisan Hellas also minimized also the customer risk, maintaining its operational profitability to a large extent through effective working capital management. The Company posted TRY20.2 million in net income as opposed to a net loss of TRY4.5 million in 1Q 2020.

With no investment activity observed in European PET production in recent years, the pressure of imported products, reaching 30%, is expected to decrease in 2021 and beyond due to the closure of a facility with a capacity of 150,000 mt/year at the end of 2020. Accordingly, the capacity utilization rate is foreseen approaching the levels seen in 2018 once again. A recent study conducted by Wood Mackenzie indicates that the r-PET market is to record a compound annual growth rate (CAGR) of over 10% between 2021 and 2025, particularly due to global awareness on sustainability and EU regulations coming into effect. With more protective trade laws, local producers are expected to strengthen again and global trade balances to change. Maintaining health related measures at its facilities with a cautious stance in the Covid-19 environment, Polisan Hellas focuses on clarifying its strategy, taking into account the changing regulations. The Company carries out studies to increase its sales in Turkey, where protection on PET imports have been lifted at the end of 2020.

1Q 2021 EVALUATION: POLİSAN YAPI

THERE ARE REAL ESTATES IN POLİSAN HOLDİNG'S PORTFOLIO TO BE UTILIZED FOR DIFFERENT PURPOSES.

KAGITHANE Z OFFICE BUSINESS CENTER

- Polisan Yapı had realized a flat for land basis project with DAP Yapı on its land in Kağıthane, which is İstanbul's 6. most densely populated district, going through a rapid urbanization process. The expertize value of 73 offices and 26 shops remaining from sales as of 2020 year end is ~TRY57 million.

KURTKOY PROJECT

- Polisan Yapı signed an agreement on March 5, 2015 with DOP Yapı-DAP Yapı Joint Venture, for a project to be built on the land in Kurtköy. The land spreads on an approximately 173,000 m² area and it is very close to the TEM Motorway, E-5 Highway, Sabiha Gökçen Airport, and Ankara-İstanbul high-speed railway route.

OTHER ASSETS

- Except for the assets used for operations as well as Kağıthane and Pendik projects, the value of the other assets is ~TRY440 million.

Polisan Yapı İnşaat Taahhüt Turizm San. ve Tic. A.Ş. ("Polisan Yapı") was established in 2006 in order to utilize the assets owned by Polisan Holding and its subsidiaries on a project basis. Polisan Yapı is neither a Real Estate Investment Trust, nor a contractor company; does not incur any capital expenditure for the projects; provides the land and obtains residences and/or offices in units upon completion of the projects and records the proceeds from the sale of the projects as net profit. The total expertize and market value of all real estates under Holding operations, except for the leased land, which is not owned by Poliport, is approximately TRY1,030* million.

KAĞITHANE "Z OFFICE" BUSINESS CENTER PROJECT:

Situated on a total gross area of 10,683 m², Z Office Project is 42% owned by Polisan Yapı and 58% by DAP Yapı. Polisan Yapi received the ownership deeds for 126 offices and 28 shops that it owns in June 2014. Eventum Gayrimenkul Geliştirme ve Pazarlama A.Ş. continues efforts to sell and lease these offices and shops. Together with 26 offices and 11 shops on rent, there are 73 offices and 26 shops ready for sale as of March 31, 2021, within the Z Office Project.

KURTKOY PROJECT:

DAP Yapı-DOP Yapı Joint Venture will own 66% of the land in Kurtköy, however will not pay any cash. But instead, it will build on a turnkey basis and deliver 34% of the independent units to Polisan Yapı in exchange for payment. The pace of growth resulting from the increase in Sabiha Gökçen Airport's traffic and easy access to be provided by the planned Kartal – Pendik – Kurtköy metro route is expected to increase the demand for the houses and the commercial estates in the region. Other business and tourism focused projects such as a fair, congress center, and techno-park are also expected to be on the agenda. The appraisal value of the land as of 2020 year end is approximately TRY248 million. In order to obtain the construction permit, DAP Yapı is awaiting finalization of the revised zoning plans by the municipality and public institutions.

** Detailed information in regards to the expertise dates and market valuation of real estates owned by Polisan Yapı is available in 2020 Annual Report.*

POLİSAN HOLDİNG: BOARD OF DIRECTORS

Holding's business and administration is being conducted by the Board of Directors consisting of nine members that were elected by the General Assembly and there are three independent members at the Board. Holding Board of Directors, perform and observe the duties that were assigned to them by the Turkish Commercial Code, Holding's Articles of Association, and the decisions taken on the Holding's General Assembly on these matters. As per the Holding's Articles of Association and pursuant to the related articles of the Turkish Commercial Code, the Board of Directors may partially transfer its duties, authorities, and power of attorney to a committee to be formed among its members or to an executive director or directors or to a manager or managers. The members of the Board of Directors elected and their duties assigned during the Ordinary General Assembly dated April 1, 2021 for 3 years, are as follows:

Name - Surname	Duty
Mehmet Emin Bitlis	Chairman
Ahmet Ertuğrul Bitlis	Vice Chairman
Ahmet Faik Bitlis	Member
Fatma Nilgün Kasrat	Member
Murat Yıldıran	Member
Mehmet Hacıkamiloğlu	Member
Şeref Taşkın	Independent Member
Arif Başer	Independent Member
Esra Yazıcı	Independent Member

POLİSAN HOLDİNG: BOARD COMMITTEES

AUDIT COMMITTEE

As per the Board of Directors resolution dated April 5, 2021, the members of the Audit Committee established by the Board of Directors resolution dated May 4, 2012, has been determined as follows:

Name - Surname	Duty	Essence of the Board Membership
Şeref Taşkın	Audit Committee Chairman	Independent Board Member
Arif Başer	Audit Committee Member	Independent Board Member
Esra Yazıcı	Audit Committee Member	Independent Board Member

CORPORATE GOVERNANCE COMMITTEE

As per the Board of Directors resolution dated April 5, 2021, the members of the Corporate Governance Committee established by the Board of Directors resolution dated May 4, 2012, has been determined as follows:

Name - Surname	Duty	Essence of the Board Membership
Şeref Taşkın	Corporate Governance Committee Chairman	Independent Board Member
Hilal Gökkaya	Corporate Governance Committee Member	Strategic HR Director
Varol Ürel	Corporate Governance Committee Member	Accounting Manager / Investor Relations Manager

EARLY DETECTION OF RISKS COMMITTEE

As per the Board of Directors resolution dated April 5, 2021, the members of the Early Detection of Risks Committee established by the Board of Directors resolution dated May 4, 2012, has been determined as follows:

Name - Surname	Duty	Essence of the Board Membership
Arif Başer	Early Detection of Risks Committee Chairman	Independent Board Member
Esra Yazıcı	Early Detection of Risks Committee Member	Independent Board Member
Ahmet Çağaşan Yılmaz	Early Detection of Risks Committee Member	CFO

CANDIDATE NOMINATION COMMITTEE AND COMPENSATION COMMITTEE

On April 5, 2021; the Holding reiterated its decision dated June 24, 2014, not to establish a Candidate Nomination Committee and Compensation Committee; and to carry out the duties of the aforementioned committees through the Corporate Governance Committee.

POLİSAN HOLDİNG: SENIOR MANAGEMENT OF THE HOLDING & GROUP COMPANIES

Polisan Holding's Senior Management is as follows:

Name - Surname	Duty
Mehmet Hacıkamiloğlu	Polisan Holding CEO
Ahmet Çağaşan Yılmaz	Polisan Holding CFO
E. Burak Ekmekçioğlu	Polisan Holding Head of Audit
Hilal Gökkaya	Polisan Holding Strategic HR Director
Selçuk Denizhan	Polisan Holding General Coordinator

The Management of Polisan Holding's Group Companies is as follows:

Name - Surname	Duty
Mehmet Hacıkamiloğlu	Polisan Kansai Boya General Manager
Efe Hatay	Poliport General Manager
Selçuk Denizligil	Polisan Kimya General Manager
Çağdaş Saygı	Polisan Hellas Country Manager
Emrah Karataş	Polisan Maroc Country Manager

The total amount of salaries and side benefits paid to the Senior Management is TRY1,433,031 for the period between January 1 – March 31, 2021 (January 1 – March 31, 2020: TRY1,239,163). Holding defines Board Members, General Managers and Deputy General Managers as Senior Management.

POLİSAN HOLDİNG: R&D, INCENTIVE, PERSONNEL, DONATIONS

Research and Development Activities

Polisan Holding's JV Polisan Kansai Boya received R&D Center Certification and status as of June 4, 2014. As Turkey's 159. R&D Center, the incentives and exemptions utilized by Polisan Kansai Boya amounted to TRY6.5 million out of the TRY20.0 million R&D spending realized in 2020. The R&D Center conducts a TEYDEB 1505 Project with Sabancı University and cooperates with İstanbul University on a project developed for the Ministry of Industry and Technology, through the Nano Technology Cluster in which it is active. While two TEYDEB 1501 projects are successfully ongoing, applications have been submitted for a further three. Within the framework of compliance with National Standards, TSE Certificates were received for a total of 19 products, including new products and those already available on the market, in 2019. In addition, the license for antibacterial paint was received from the Ministry of Health for a newly developed water-based epoxy paint and an interior product. The R&D Center Building has been renewed, with plans for relocation to it in 2021.

Polisan Holding's subsidiary Polisan Kimya, has received Turkey's 507. R&D Center Certification and status as of June 6, 2017. Polisan Kimya R&D Center carries out approximately 70% of its work in response to customer requirements and 30% on new generation and technological products. The R&D expenditures of Polisan Kimya, which invests in high value added products and determines its use of resources accordingly, have increased over the years. The share of new products in total revenues, at 8.1% in 2017, rose to 17.5% in 2020. There are 21 R&D Center projects, 7 of which are supported by TÜBİTAK TEYDEB, completed to date, including collaborations with various sectoral R&D Centers and universities.

Investments and Investment Incentive Utilized for Investments

Polisan Holding's JV Polisan Kansai Boya has been included in the TURQUALITY Support Program as of June 19, 2014 under the "POLİSAN" brand name.

Additionally, the incentive certificates received for the ongoing renovation work within the Holding are as follows:

Company	Incentive	Incentive No	Incentive Amount (TRY)	Incentive Expensed (as of June 30, 2020 - TRY)	Incentive Certificate Date (Including replacements)
Poliport*	Crane	B/104761	15,092,285	15,092,285	29/03/2013
Poliport*	Tank	D/112076	148,770,416	148,770,416	17/08/2018
Poliport	Tank	B/137652	130,000,000	167,962,188	20/06/2018
Polisan Kansai Boya*	Gebkim Facility	E/122296	351,850,411	351,850,411	07/07/2020
Polisan Kimya	Adana Facility	A/127763	3,100,000	2,319,983	03/02/2017
Polisan Kimya	Samsun Facility	A/131376	2,140,000	2,030,178	21/07/2017
Polisan Kimya*	Oxide Facility	D/112337	16,259,209	16,259,209	21/07/2016
Polisan Kimya	New Resin Facility	515368	81,000,000	1,119,322	29/09/2020

*Completed investments.

Employee and Worker Flow

Polisan Holding's and its Companies' total number of employees, including Polisan Hellas was realized at 1,248 as of March 31, 2021 as opposed to 1,249 employees in March 31, 2020. The number of employees of Polisan Kansai Boya was taken fully, not pro rata, based on Polisan Group's share in the Company. The Holding pays 12 month salary, private health insurance, personal accident insurance, bus service, lunch to the permanent staff. Additionally, in line with the regulations, personnel of particular titles (such as General Manager, Director, Manager) are allocated vehicles and the vehicles' gas and maintenance expenses are paid.

Donations Realized During the Period

Total donations and aids realized by Polisan Holding as of January 1 – March 31, 2021 was TRY113,583 (January 1 – March 31, 2020: TRY138,036). The aforementioned amount is mainly composed of the donations given to the educational institutions and the institutions carrying out education supporting activities.

POLİSAN HOLDİNG: CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The accompanying consolidated financial statements of the Group have been prepared in accordance with Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS/TFRS") promulgated by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") that are set out in the 5th article of the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") on 13 June 2013 and published in Official Gazette numbered 28676.

The Balance Sheet and Income Statement are as follows:

	Unaudited	Audited
ASSETS	**31 March 2021**	**31 December 2020**
Current assets	**865.091.528**	**794.710.375**
Cash and cash equivalents	303.823.788	288.471.094
Financial investments	8.589.656	15.116.615
Derivative financial assets	244.954	-
Trade receivables	347.322.990	291.243.042
- Trade receivables from related parties	*5.726.480*	*8.516.384*
- Trade receivables from third parties	*341.596.510*	*282.726.658*
Other receivables	5.295.614	14.203.624
- Other receivables from third parties	*5.295.614*	*14.203.624*
Inventories	158.086.448	146.766.056
Prepaid expenses	11.867.331	6.453.539
Current income tax assets	440.565	213.296
Other current assets	22.327.712	17.287.261
Subtotal	**857.999.058**	**779.754.527**
Assets held for sale	7.092.470	14.955.848

	Unaudited	Audited
ASSETS	**31 March 2021**	**31 December 2020**
Non-current assets	**2.024.675.544**	**2.011.868.729**
Trade receivables	487.613	781.613
- Trade receivables from related parties	487.613	*781.613*
Other receivables	642.828	531.002
- Other receivables from third parties	*642.828*	*531.002*
Investments accounted using the equity method	546.607.225	533.676.716
Investment properties	356.717.293	356.877.293
Tangible assets	1.011.056.418	1.009.499.442
Right of use assets	49.979.825	50.904.345
Intangible assets	2.030.470	2.087.326
Prepaid expenses	40.846.878	40.846.673
Deferred tax assets	13.626.410	14.102.041
Other non current assets	2.680.584	2.562.278
Total assets	**2.889.767.072**	**2.806.579.104**

POLİSAN HOLDİNG: CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited	Audited
LIABILITIES	**31 March 2021**	**31 December 2020**
Current liabilities	**627.475.468**	**623.329.852**
Short term borrowings	43.666.884	113.824.875
Short term portion of long term borrowings	206.461.138	217.672.601
Derivative financial liabilities	207.282	-
Trade payables	339.413.692	262.820.793
- Trade payables to related parties	*69.998*	*126.132*
- Trade payables to third parties	*339.343.694*	*262.694.661*
Employee benefit obligations	9.734.557	4.312.477
Other payables	1.177.885	9.133.485
- Other payables to related parties	-	7.374.816
- Other payables to third parties	*1.177.885*	*1.758.669*
Deferred income	3.098.851	5.691.526
Current income tax liabilities	1.318.033	1.578.492
Short term provisions	2.735.609	4.769.813
- Short term provisions for employee benefits	*760.137*	*2.660.342*
- Other short term provisions	*1.975.472*	*2.109.471*
Other current liabilities	19.661.537	3.525.790
Non-current liabilities	**464.284.081**	**427.179.838**
Long term borrowings	348.985.580	314.049.787
Long term provisions	17.982.951	15.596.825
- Provisions for employee termination benefits	*17.982.951*	*15.596.825*
Deferred tax liabilities	97.315.550	97.533.226

	Unaudited	Audited
LIABILITIES	**31 March 2021**	**31 December 2020**
Equity	**1.798.007.523**	**1.756.069.414**
Equity holders of the parent	**1.798.007.523**	**1.756.069.414**
Paid-in share capital	758.500.000	758.500.000
Adjustment to share capital	1.467.266	1.467.266
Share premium/discounts	23.130.220	23.130.220
Other comprehensive income/expense not to be reclassified to profit or loss	516.310.322	519.232.286
- Revaluation and measurement gain / loss	516.310.322	519.232.286
Defined benefit plans re-measurement gain / (loss)	*-21.733.057*	*-18.811.093*
Tangible assets revaluation	*538.043.379*	*538.043.379*
Other comprehensive income or expense to be reclassified to profit/(loss)	-37.070.737	-43.152.098
- Currency translation differences	*-40.641.113*	*-42.257.074*
- Cash flow hedging losses	*3.570.376*	*-895.024*
Restricted reserves	48.297.892	48.297.892
Other reserves	-208.727.832	-208.727.832
Retained earnings	657.321.680	530.706.108
Profit for the period	38.778.712	126.615.572
Total liabilities and equity	**2.889.767.072**	**2.806.579.104**

POLİSAN HOLDİNG: CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Unaudited	
Profit and loss	**January 1 – March 31, 2021**	**January 1 – March 31, 2020**
Revenue	355.178.134	233.578.644
Satışların maliyeti (-)	-284.450.380	-189.514.785
Gross profit from commercial activities	**70.727.754**	**44.063.859**
General administrative expenses (-)	-21.402.625	-17.069.840
Marketing expenses (-)	-3.252.940	-2.898.558
Research and development expenses (-)	-1.692.246	-1.316.797
Other operating income	9.393.397	5.244.730
Other operating expenses (-)	-8.998.664	-4.190.905
Profit from investments accounted using the equity method	5.232.551	-4.979.531
Operating profit	**50.007.227**	**18.852.958**
Income from investment activities	2.443.398	1.540.160
Expense from investment activities (-)	-23.598	-10.307
Operating profit before financial income/expense	**52.427.027**	**20.382.811**
Financial income	20.704.098	12.171.922
Financial expenses (-)	-32.130.065	-29.156.358
Profit before tax from continuing operations	**41.001.060**	**3.398.375**
Continuing operations tax income/expense		
- Current tax expense	-1.318.033	-2.920.796
- Deferred tax income	-904.315	7.865.928
Profit for the period from continuing operations	**38.778.712**	**8.343.507**
Profit for the period	**38.778.712**	**8.343.507**
Profit for the period attributable to:		
Non-controlling interests	-	-
Equity holders of the parent	38.778.712	8.343.507
Earnings per share	**0,051**	**0,011**
-Earnings per share from continuing operations	0,051	0,011

POLİSAN HOLDİNG: CONSOLIDATED OTHER COMPREHENSIVE INCOME

	Unaudited	
	January 1 – March 31, 2021	**January 1 – March 31, 2020**
Profit for the period	**38.778.712**	**8.343.507**
Other comprehensive income/(expenses):		
Items not to be reclassified to profit or loss	**-2.921.964**	**-586.714**
- Defined benefit plans re-measurement gain / (loss)	-2.379.783	-623.995
- Defined benefit plans re-measurement gain / (loss), tax effect	475.957	124.799
- Defined benefit plans re- measurement gain /(loss) of investment accounted by equity method	-1.272.673	-109.398
- Re-measurement losses in defined benefit plans of investments valued by the equity method, tax effect	254.535	21.880
Items to be reclassified to profit or loss	**6.081.361**	**-2.772.596**
- Gain/(losses) from currency translation differences	-2.634.735	-4.030.683
- Gain/(losses) from currency translation differences of investment accounted by equity method	4.250.696	1.258.087
Cash flow hedging gains of investments valued using the equity method	5.581.750	-
Cash flow hedging gains of investments valued by equity method, tax effect	-1.116.350	-
Other comprehensive income / (expense)	**3.159.397**	**-3.359.310**
Total comprehensive income	**41.938.109**	**4.984.197**
Attributable to:		
Non-controlling interest	-	-
Equity holders of the parent	41.938.109	4.984.197

POLİSAN HOLDİNG: FINANCIAL RATIOS

The profitability and financial ratios, calculated based on 1Q 2021 TFRS financial tables are as follow:

(TRY million)	31 March 2021	31 March 2020
Net Sales	355,178,134	233,578,644
Gross Profit	70,727,754	44,063,859
Gross Profit Margin (%)	19.9%	18.9%
Income Before Interest and Tax (EBIT)	44,379,943	22,778,664
EBIT Margin (%)	12.5%	9.8%
Income Before Interest, Tax, Depreciation and Amortization (EBITDA)	62,698,639	34,710,705
EBITDA Margin	17.7%	14.9%
Net Income	38,778,712	8,343,507
Net Income Margin (%)	10.9%	3.6%

	31 March 2021	31 March 2010
Current Ratio	1.379	1.274
Liquidity Ratio	1.127	0.977
Net Income/Total Equity	0.022	0.006
Net Income/Total Assets	0.013	0.004

POLİSAN HOLDİNG: MATERIAL DISCLOSURES

Material disclosures in regards to the important developments that took place after the 2020 year end financial result announcement dated March 11, 2021 are as follows:

For other information, please see 2020 Annual Report

POLİSAN HOLDİNG: SELECTION OF INDEPENDENT AUDIT COMPANY – 11.03.2021

Is this a postponed announcement?	No
Summary Information	Selection of Independent Audit Company

ADDITIONAL EXPLANATION:

Our Company's Board of Directors decided that independent audit services be provided by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. in 2021 as per the regulations of Turkish Commercial Code and Capital Markets Law, and this subject to be submitted for the approval of the General Assembly.

POLİSAN HOLDİNG: DIVIDEND DISTRIBUTION PROPOSAL – 11.03.2021

BoD Decision Regarding Dividend Distribution

Is this a postponed announcement?	No
Is this an amendment announcement?	No
Is this an update announcement?	No
Summary Information	2020 Dividend Distribution Proposal

Date of the BoD Decision	11.03.2021
Date of the General Assembly when the decision will be evaluated	01.04.2021
Type of the cash dividend payment	In advance
Currency	TRY
Payment in shares	None

Dividend Payment Dates

Payment	Proposed Date for the Right of Use of Cash Dividend (1)	Approved Date for the Right of Use of Cash Dividend (2)	Payment Date (3)	Registration Date (4)
In advance	06.04.2021		08.04.2021	07.04.2021

1. The date when the dividend will be paid by the company and the share will start trading without the dividend right (proposed date).
2. The date when the dividend will be paid by the company and the share will start trading without the dividend right (approved date).
3. Date of payment to the accounts of shareholders whose shares are traded on the stock exchange.
4. The date on which the holders of the rights of shares traded on the stock exchange are determined.

The Amount and Ratio of Cash Dividend Payment

Share Group Information	Payment	Cash Dividend to be Paid for Each Share with TRY1 Nominal Value Gross (TRY)	Cash Dividend to be Paid for Each Share with TRY1 Nominal Value Gross (%)	Withholding Ratio (%)	Cash Dividend to be Paid for Each Share with TRY1 Nominal Value Net (TRY)	Cash Dividend to be Paid for Each Share with TRY1 Nominal Value Net (%)
POLHO, TREPOHO00012	In advance	0.0131839	1,31839	15	0.0112063	1.12063

The Amount and Ratio of Share Dividend Payment

Share Group Information	The Amount of Share Dividend to be Distributed (TRY)	The Amount of Share Dividend to be Distributed (%)
POLHO, TREPOHO00012	0	0

POLİSAN HOLDİNG: DIVIDEND DISTRIBUTION PROPOSAL – 11.03.2021

POLİSAN HOLDİNG 2020 PROFIT DISTRIBUTION TABLE (TRY)			
1.	Paid in Capital		758,500,000.00
2.	Total legal reserves (as per legal records)		24,444,152.05
Information concerning the privileged shares in profit distribution, if any, as per the Articles of Association			-
		CMB Financials	TR GAAP Financials
3.	Profit for Period	122,559,455	28,300,863.11
4.	Taxes (-)	-4,056,117	6,387,413.08
5.	Net Profit (=)	126,615,572	21,913,450.03
6.	Prior years' losses (-)	-	-
7.	First series of legal reserves (-)	1,095,672.5	1,095,672.50
8.	Net Dıstrıbutable Profıt for the Perıod (=)	125,519,899.5	20,817,777.53
9.	Donations made during the year (+)	841,825	
10.	Net distributable profit including donations	126,361,724.5	
11.	First Dividend to shareholders		
	- Cash	10,000,000.00	
	- Bonus	-	
	- Total	10,000,000.00	
12.	Dividends distributed to privileged shareholders	-	
13.	Dividends distributed to BoD members, officers etc.	-	
14.	Dividends distributed to the owners of dividend shares	-	
15.	Second dividend to shareholders	-	
16.	Second series of legal reserves	-	
17.	Status Reserves	-	-
18.	Special Reserves	-	-
19.	Extraordinary Reserves	115,519,899.5	10,817,777.53
20.	Other sources planned for distribution	-	-
	- Prior years' profit	-	-
	- Extraordinary Reserves	-	-
	- Other distributable reserves as per the Regulations and Articles of Association	-	-

Share Group	Total Dividend Distributed – Cash (TRY) – Net	Total Dividend Distributed – Bonus (TRY)	Total Dividend Distributed / Net Distributable Profit for the period (%)	Cash Dividend To Be Paid For Share With Par Value of TRY 1 – Net (TRY)	Cash Dividend To Be Paid For Share With Par Value of TRY 1 – Net (%)
	8,500,000	0	48.04	0.0112063	1.12063
TOTAL	8,500,000	0	48.04	0.0112063	1.12063

POLİSAN HOLDİNG: RESULT OF THE AGM – 01.04.2021

Result of the AGM	
Is this an update announcement?	Yes
Is this an amendment announcement?	No
Is this a postponed announcement?	No
Summary Information	The result of the 2020 General Assembly Meeting

Type of the General Assembly	Ordinary General Assembly
The beginning of the fiscal year	01.01.2020
The ending of the fiscal year	31.12.2020
Date of the decision	02.03.2021
Date and Time of the General Assembly	01.04.2021 14:00
Deadline for Having Shares to Participate in the General Assembly	31.03.2021
Country	Turkey
City	Kocaeli
Province	Dilovası
Address	Dilovası Organize San. Bölgesi, 1. Kısım, Liman Cad. No:7 Dilovası-KOCAELİ

Has the General Assembly taken place?	Yes
Result of the General Assembly	2020 Ordinary General Assembly meeting has been held on April 1, 2021 at 14:00.

POLİSAN HOLDİNG: RESULT OF THE AGM – 01.04.2021

Agenda Items	1. Opening and election of the Presidency Board, 2. Authorizing the Presidency Board to sign the minutes of the meeting, 3. Reading and discussion of the Annual Report of the Board of Directors and Independent Audit Report relating to the fiscal year 2020, 4. Reading, discussion, and approval of the Financial Statements relating to the fiscal year 2020, 5. Release of the Board of Directors from their activities relating to the fiscal year 2020, 6. Discussion, revision or rejection of the Board of Directors' proposal on dividend distribution prepared within the scope of Company's Dividend Policy and the date of dividend payout for the fiscal year 2020, 7. Approving Independent Audit Company nominated by the Board of Directors in accordance with CMB's Communique Serial: X No:22 on the Standards of Independent Audit on the Capital Market and Article 399 of the Turkish Commercial Code, 8. Election and the determination of the terms of office of the Board members and Independent Board members. 9. Determination of the annual gross wages of the members of the Board of Directors, 10. Informing shareholders in regards to the Remuneration Policy for the members of the Board of Directors and the Senior Management as per the CMB's Corporate Governance Principle as well as the payments realized within the scope of this policy, 11. Informing shareholders in regards to the "Related Party Transactions" realized in 2020 as per the CMB regulations, 12. Informing shareholders in regards to the donations and aids, which were provided by the Company to the foundations and organizations in 2020 as part of the social responsibility, submitting the Donation and Aid Policy for the approval of the General Assembly, and determining an upper limit for the donations to be provided in 2021, as per the regulations of the CMB, 13. Voting and resolving i) the approval of Share Buyback Program prepared by the Board of Directors in accordance with the CMB's Communiqué on Share Buyback (II-22.1) and the authorization of the Board of Directors on the subject matter, 14. Granting permission to the Chairman and the Members of the Board to perform transactions in compliance with Articles 395 and 396 of the Turkish Commercial Code, 15. Informing shareholders regarding the pledges, mortgages, collaterals and guarantees provided by the Company to third parties in 2020 in accordance with the CMB regulations, 16. Wishes and closing.

Decisions taken in regards to the use of rights

Dividend Distribution	**Discussed**

AGM Minutes: https://polisanholding.com/pdf/en/AGMminutes_01.04.2021.pdf
Hazirun Cetveli: https://polisanholding.com/pdf/en/ListofParticipants_01.04.2021.pdf

POLİSAN HOLDİNG: CASH DIVIDEND PAYMENT – 01.04.2021

Is this a postponed announcement?	No
Is this an amendment announcement?	No
Is this an update announcement?	Yes
Summary Information	Decision Regarding Dividend Distribution Date

Date of the BoD Decision	11.03.2021
Date of the General Assembly when the decision will be evaluated	01.04.2021
Has the dividend distribution decision been discussed?	Discussed
Currency	TRY
Payment in shares	None

Dividend Payment Dates

Payment	Proposed Date for the Right of Use of Cash Dividend (1)	Approved Date for the Right of Use of Cash Dividend (2)	Payment Date (3)	Registration Date (4)
In advance	06.04.2021	06.04.2021	08.04.2021	07.04.2021

1. The date when the dividend will be paid by the company and the share will start trading without the dividend right (proposed date).
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POLHO, TREPOHO00012	In advance	0.0131839	1,31839	15	0.0112063	1.12063

Amount and Ratio of Share Dividend Payment

Share Group Information	The Amount of Share Dividend to be Distributed (TRY)	The Amount of Share Dividend to be Distributed (%)
POLHO, TREPOHO00012	0	0

POLİSAN HOLDİNG: CASH DIVIDEND PAYMENT – 01.04.2021

POLİSAN HOLDİNG 2020 PROFIT DISTRIBUTION TABLE (TRY)			
1.	Paid in Capital		758,500,000.00
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13.	Dividends distributed to BoD members, officers etc.	-	
14.	Dividends distributed to the owners of dividend shares	-	
15.	Second dividend to shareholders	-	
16.	Second series of legal reserves	-	
17.	Status Reserves	-	-
18.	Special Reserves	-	-
19.	Extraordinary Reserves	115,519,899.5	10,817,777.53
20.	Other sources planned for distribution	-	-
	- Prior years' profit	-	-
	- Extraordinary Reserves	-	-
	- Other distributable reserves as per the Regulations and Articles of Association	-	-

Dividend Ratio Table

Share Group	Total Dividend Distributed – Cash (TRY) – Net	Total Dividend Distributed – Bonus (TRY)	Total Dividend Distributed / Net Distributable Profit for the period (%)	Cash Dividend To Be Paid For Share With Par Value of TRY 1 – Net (TRY)	Cash Dividend To Be Paid For Share With Par Value of TRY 1 – Net (%)
	8,500,000	0	48.04	0.0112063	1.12063
TOTAL	8,500,000	0	48.04	0.0112063	1.12063

POLİSAN HOLDİNG: REGISTRATION OF THE 2020 AGM – 01.04.2021

Is this an update announcement?	Yes
Is this an amendment announcement?	No
Is this a postponed announcement?	No
Summary Information	The registration of the 2020 Ordinary General Assembly Meeting's decision

Have the decisions of the General Assembly Been Registered?	Yes
Registry Date	07.04.2021

ADDITIONAL EXPLANATION:

The decisions taken during our Company's 2019 Ordinary General Assembly Meeting dated April 1, 2021, have been registered by Gebze Registry of Commerce on April 7, 2021.

DISCLAIMER

This Interim Operating Report (“Report”) is prepared solely to provide information to the shareholders, and is not intended to form the basis of any investment decisions. The realization of forward-looking opinions and estimated figures in this Report may di er depending on the variables and assumptions on which the relevant estimates are based. Accordingly, Polisan Holding, and its Board members, advisors, or employees shall not be liable for any direct, indirect or consequential loss or damage su ered by any person as a result of relying on any statement in, or omission from, this Report, or on any other information or communications in connection with the Report.

All information contained in this Report was believed to be accurate at the time of publication. Polisan Holding accepts no responsibility for any spelling or printing errors that may occur during the Report’s preparation.

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Polisan HOLDİNG

Enriching the Future