

YÜKSELEN ÇELİK A.Ş.

FINANCIAL STATEMENTS
AT 31 DECEMBER 2020
TOGETHER WITH THE INDEPENDENT
AUDITORS' REPORT

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE
INDEPENDENT AUDITORS' REPORT AND FINANCIAL
STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

CONVENIENCE TRANSLATION INTO ENGLISH OF THE FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH

YÜKSELEN ÇELİK ANONİM ŞİRKETİ
FINANCIAL STATEMENTS FOR THE YEAR 1 JANUARY- 31 DECEMBER 2020

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CONVENIENCE TRANSLATION INTO ENGLISH OF
THE FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
YÜKSELEN ÇELİK A.Ş.

BALANCE SHEETS AT 31 DECEMBER 2020 AND 2019

(Amounts on tables are expressed in “Turkish Lira” unless otherwise indicated)

		Audited Current Period	Audited Previous Period
	Notes	31.12.2020	31.12.2019
ASSETS			
Current Assets		204.920.790	199.501.974
Cash and Cash Equivalents	6	1.170.699	33.782.770
Financial Investments	7	-	-
Trade Receivables	10	92.660.137	80.415.040
<i>Trade Receivables From Non-Related Parties</i>	10	92.660.137	80.415.040
<i>Trade Receivables From Related Parties</i>	10-37	-	-
Other Receivables	11	16.299	20.977
<i>Other Receivables From Non-Related Parties</i>	11	16.299	20.977
<i>Other Receivables From Related Parties</i>	11-37	-	-
Derivative Instruments	12	9.142.080	-
Inventories	13	81.361.581	79.489.124
Biological Assets	14	-	-
Prepaid Expenses	15	20.347.389	2.212.972
Current Income Tax Assets	25	-	-
Other Current Assets	26	222.605	3.581.091
Total		204.920.790	199.501.974
Assets Held for Sale	34		
Non-Current Assets		18.475.396	9.074.340
Trade Receivables	10	-	-
<i>Trade Receivables From Non-Related Parties</i>	10	-	-
<i>Trade Receivables From Related Parties</i>	10-37	-	-
Other Receivables	11	1.980	1.981
<i>Other Receivables From Non-Related Parties</i>	11	1.980	1.981
<i>Other Receivables From Related Parties</i>	11-37	-	-
Financial Investments	7	-	-
Investment Properties	16	-	-
Property, Plant and Equipment	17	-	-
Intangible Assets	18	14.015.109	6.130.610
Right of Use Assets	14	4.248.921	2.851.603
Intangible Assets	19	100.941	80.112
<i>Other Intangible Assets</i>	19	100.941	80.112
<i>Goodwill</i>	19	-	-
Prepaid Expenses	15	5.610	10.034
Deferred Tax Asset	35	102.835	-
Other Non-Current Assets	26	-	-
TOTAL ASSETS		223.396.186	208.576.314

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

CONVENIENCE TRANSLATION INTO ENGLISH OF
THE FINANCIAL STATEMENTS YÜKSELEN ÇELİK A.Ş.
BALANCE SHEETS AT 31 DECEMBER 2020 AND 2019

(Amounts on tables are expressed in “Turkish Lira” unless otherwise indicated)

		Audited Current Period 31.12.2020	Audited Previous Period 31.12.2019
Notes			
LIABILITIES			
Current Liabilities		64.633.512	58.977.360
Short-Term Borrowings	8	4.147.984	5.720.472
Short Term Portions of Long Term Borrowings	8	591.228	7.743.395
Trade Payables	10	44.542.092	41.681.996
<i>Trade Payables To Non-Related Parties</i>		44.542.092	41.681.996
<i>Trade Payables To Related Parties</i>	10-37	-	-
Employee Benefits Payables	20	255.228	218.580
Other Payables	11	522.574	47.394
<i>Other Payables To Non-Related Parties</i>	11	522.574	47.394
<i>Other Payables To Related Parties</i>	11-37	-	-
Derivative Instruments	12	9.959.027	-
Government Grants	21	-	-
Deferred Income	15	2.436.565	375.045
Current Income Tax Liabilities	35	2.178.814	3.190.478
Short Term Provisions	22	-	-
<i>Other Short Term Provisions</i>	22	-	-
<i>Short Term Provisions for Employee Benefits</i>	22-24	-	-
Other Current Liabilities	26	-	-
Total		64.633.512	58.977.360
Liabilities Related to Assets Held for Sale	34	-	-
Non Current Liabilities		4.777.805	8.538.765
Long Term Borrowings	8	4.198.636	6.604.052
Lease Liabilities	9	-	-
<i>Lease Liabilities from Related Parties</i>	9	-	-
<i>Lease Liabilities from Non- Related Parties</i>	9	-	-
Long Term Provisions	22	579.169	415.555
<i>Other Long Term Provisions</i>	22	-	-
<i>Long Term Provisions for Employee Benefits</i>	22-24	579.169	415.555
Current Income Tax Liabilities	25	-	-
Deferred Tax Liabilities	35	-	1.519.158
Other Non Current Liabilities	26	-	-
EQUITY		153.984.869	141.060.189
Equity Holders of the Parent	27	153.984.869	141.060.189
Paid in Share Capital		125.000.000	43.310.000
Adjustment to Share Capital		-	-
Repurchased Shares (-)		(2.305.632)	(2.305.632)
Capital Adjustments Due to Cross-Ownerships (-)		-	-
Share Premiums / Discounts		-	52.055.644
Other Comprehensive Income/Expense Not to Be Reclassified To Profit Or Loss		(240.843)	(118.134)
Other Comprehensive Income/Expense to Be Reclassified To Profit Or Loss		-	-
Restricted Reserves from Retained Earnings		2.395.783	687.173
Retained Earnings / (Losses)		16.474.115	29.413.199
Net Profit / (Loss) For the Period		12.661.446	18.017.939
Non-Controlling Interests		-	-
TOTAL LIABILITIES AND EQUITY		223.396.186	208.576.314

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

CONVENIENCE TRANSLATION INTO ENGLISH OF THE FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH

YÜKSELEN ÇELİK A.Ş.

STATEMENTS OF INCOME

FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Amounts on tables are expressed in “Turkish Lira” unless otherwise indicated)

		Audited Current Period	Audited Previous Period
	Notes	01.01.2020 31.12.2020	01.01.2019 31.12.2019
Revenue	28	183.742.707	170.677.870
Cost of Sales (-)	28	(149.719.701)	(137.176.634)
GROSS PROFIT/(LOSS)		34.023.006	33.501.236
Marketing, Sales And Distribution Expenses (-)	29-30	(5.683.359)	(4.592.517)
General Administrative Expenses (-)	29-30	(5.635.670)	(4.442.638)
Research and Development Expenses (-)	29-30	-	-
Other Operating Income	31	16.468.440	10.342.217
Other Operating Expenses (-)	31	(23.405.937)	(7.409.842)
OPERATING PROFIT / (LOSS)		15.766.480	27.398.456
Share of Profit/Loss of Investments Accounted for Using the Equity Method	16	-	-
Gains from Investment Activities	32	155.540	7.260.670
Losses from Investment Activities (-)	32	(825.705)	-
OPERATING PROFIT/LOSS BEFORE FINANCIAL INCOME/EXPENSE		15.096.315	34.659.126
Financial Income	33	5.826.117	558.486
Financial Expense (-)	33	(5.131.810)	(13.683.131)
PROFIT/ (LOSS) BEFORE TAX		15.790.622	21.534.481
Tax Income/(Expense)	35	(3.129.176)	(3.516.542)
- Current Income Tax Expense		(4.716.559)	(6.218.816)
- Deferred Tax Income/(Expense)		1.587.383	2.702.274
PROFIT / (LOSS) FOR THE PERIOD		12.661.446	18.017.939
Attributable to:		12.661.446	18.017.939
Non-Controlling Interests		-	-
Equity Holders of the Parent		12.661.446	18.017.939
Earnings Per Share			
Earnings Per Share From Continuing Operations	36	0,2197	0,5867
Earnings Per Share From Discontinued Operations	36	-	-

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CONVENIENCE TRANSLATION INTO ENGLISH OF THE FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH

YÜKSELEN ÇELİK A.Ş.

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Amounts on tables are expressed in “Turkish Lira” unless otherwise indicated)

		Audited current Period	Audited Previous Period
	Notes	01.01.2020 31.12.2020	01.01.2019 31.12.2019
PROFIT / LOSS FOR THE PERIOD	36	12.661.446	18.017.939

OTHER COMPREHENSIVE INCOME

Items Not be Reclassified in Profit or Loss		(122.709)-	(44.405)-
Property, Plant and Equipment Revaluation Increases/Decreases			
Intangible Asset Revaluation Increases/Decreases		-	-
Gains/Losses on Remeasurements of Defined Benefit Plans		(157.319)-	(56.930)-
Share of other comprehensive income/(expenses) of investments accounted for using the equity method		-	-
Revaluation and Measurement Gains/Losses		-	-
Taxes on Other Comprehensive Income Not to be Reclassified to Profit or Loss		34.610	12.525
- Current Income Tax Expense		-	-
- Deferred Tax Income/(Expense)		34.610	12.525
Items to be Reclassified in Profit or Loss			
Currency Translation Differences		-	-
Gains/(losses) on financial assets held for sale measured at fair value through other comprehensive income		-	-
Gains/(losses) on cash flow hedges		-	-
Gains/(losses) on hedges of net investments in foreign operations		-	-
Share of other comprehensive income/(expenses) of investments accounted for using the equity method		-	-
Other		-	-
Taxes on to Other Comprehensive Income to be Reclassified in Profit or Loss		-	-
- Current Income Tax Expense		-	-
- Deferred Tax Income/(Expense)		-	-
OTHER COMPREHENSIVE INCOME/ (EXPENSE)		(122.709)-	(44.405)-
TOTAL COMPREHENSIVE INCOME		12.538.737	17.973.534
Attributable to:			
Non-Controlling Interests		-	-
Equity Holders of the Parent		12.538.737	17.973.534

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

CONVENIENCE TRANSLATION INTO ENGLISH OF
THE FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
YÜKSELEN ÇELİK A.Ş.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019
(Amounts on tables are expressed in “Turkish Lira” unless otherwise indicated)

Accumulated Other Comprehensive Income and Expenses not to be Reclassified to Profit or Loss										
Retained Earnings										
		Paid in Share Capital	Repurchased Shares (-)	Share Premiums / Discounts	Gains/Losses on Remeasurements of Defined Benefit Plans	Revaluation and Classification Gains/Losses	Restricted Reserves from Retained Earnings	Prior Years Income	Net Profit /Loss For the Period	Total Equity
Audited Current Period	Notes									
Balancesat01.01.2020	27	43.310.000	(2.305.632)	52.055.644	(118.134)	-	687.173	29.413.199	18.017.939	141.060.189
Transfers	27	-	-	-	-	-	1.708.610	16.309.329	(18.017.939)	-
RepurchasedShares		-	-	-	-	-	-	-	-	-
SharePremiums/Discounts		-	-	-	-	-	-	-	-	-
CapitalIncreases		81.690.000	-	(52.055.644)	-	-	-	(29.248.413)	-	385.943
TotalComprehensiveIncome		-	-	-	(122.709)	-	-	-	12.661.446	12.538.737
-NetProfit/LossforthePeriod	27	-	-	-	-	-	-	-	12.661.446	12.661.446
-OtherComprehensiveIncome		-	-	-	(122.709)	-	-	-	-	(122.709)
Balancesat31.12.2020	27	125.000.000	(2.305.632)	-	(240.843)	-	2.395.783	16.474.115	12.661.446	153.984.869
AuditedPreviousPeriod										
Balancesat01.01.2019	27	30.500.000	-	-	(73.729)	1.124.335	335.120	4.456.559	24.184.358	60.526.643
Transfers	27				-	(1.124.335)	352.053	24.956.640	(24.184.358)	-
RepurchasedShares			(2.305.632)		-	-	-		-	(2.305.632)
SharePremiums/Discounts			-	52.055.644	-			-	-	-
AjustmentsRelatedtoChangesinAccountingPolicies										
-TFRS9(Net)			-	-	-		-	-	-	-
CapitalIncreases		12.810.000	-	-	-	-	-	-	-	12.810.000
TotalComprehensiveIncome		-	-	-	(44.405)	-	-	-	18.017.939	17.973.534
-NetProfit/LossforthePeriod	27	-	-	-	-	-	-	-	18.017.939	18.017.939
-OtherComprehensiveIncome		-	-	-	(44.405)	-	-	-	-	(44.405)
Balancesat31.12.2019	27	43.310.000	(2.305.632)	52.055.644	(118.134)	-	687.173	29.413.199	18.017.939	141.060.189

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

CONVENIENCE TRANSLATION INTO ENGLISH OF THE FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
YÜKSELEN ÇELİK A.Ş.
STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019
(Amounts on tables are expressed in “Turkish Lira” unless otherwise indicated)

	Notes	Audited Current Period 01.01.2020 31.12.2020	Audited Previous Period 01.01.2019 31.12.2019
A) CASH FLOWS FROM OPERATING ACTIVITIES		(9.158.028)	(31.258.574)
PROFIT / (LOSS) FOR THE PERIOD		12.661.446	18.017.939
Adjustments to reconcile profit for the period to cash generated from operating activities:		17.509.907	8.374.443
Depreciation and amortisation	17,18,19	2.670.356	1.069.823
Adjustments for impairment loss/ (reversal of impairment loss)		(106.014)	280.744
Adjustments for Receivables Impairment (Reversal)	10	(106.014)	280.744
Adjustments for provisions		119.795	52.654
Adjustments for Provision (Reversal) for Employee Benefits	24	119.795	52.654
Interest Income/Expenses, Net		11.866.610	10.622.950
Adjustments for Interest Income	32	(950.989)	(7.090.953)
Adjustments for Interest Expenses	33	9.000.759	15.910.950
Deferred Financial Expense from Term Purchases	10	5.531.492	2.639.181
Unearned Financial Income from Term Sales	10	(1.714.652)	(836.228)
Adjustments for Unrealized Currency Translation Differences		(14.476)	58.465
Adjustments for Tax Income/ (Expenses)	35	3.129.176	3.516.542
Losses/(Gains) Arising from the Disposal of Non Current Assets		(155.540)	(7.226.735)
Adjustments for Losses/(Gains) Arising from the Disposal of Property, Plant and Equipment	34	(155.540)	(276.735)
Adjustments for Losses/(Gains) Arising from Investment Properties	34	-	(6.950.000)
Changes in Working Capital		(25.410.669)	(44.909.512)
Adjustments for Decrease/(Increase) in Trade Receivables		(17.670.575)	(42.888.527)
Increase/(Decrease) in Trade Receivables from Non-Related Parties	10	(17.670.575)	(42.888.527)
Adjustments for (Increase) In Other Receivables Related To Operations		4.679	1.408
Increase/(Decrease) In Other Receivables Related To Operations from Related Parties	11	-	4.500
Increase/(Decrease) In Other Receivables Related To Operations from Non Related Parties	11	4.679	(3.092)
Adjustments for (Increases) / Decreases In Inventories	13	(1.872.457)	(19.742.282)
Prepaid Expenses Decrease/(Increase)	14	(18.129.993)	(1.470.985)
Adjustments for Increase/(Decrease) In Trade Payables		4.574.748	27.283.723
Increase/(Decrease) in Trade Payables to Non-Related Parties	10	4.574.748	27.283.723
Adjustments Related To Decrease / (Increase) In Other Payables Related To Operations		475.180	(4.279.383)
Increase/(Decrease) in Other Payables to Related Parties	11	-	(3.566.882)
Increase/(Decrease) in Other Payables to Non-Related Parties	11	475.180	(712.501)
Decrease/(Increase) in Payables Related to Employee Benefits		36.648	94.390
Decrease/(Increase) in Deferred Income		2.061.520	(88.489)
Changes in net working capital	24, 26	5.109.581	(3.819.367)
Total Cash Flows from Operating Activities		4.760.684	(18.517.129)
Tax Returns / (Payments)	22	(5.728.223)	(3.729.368)
Interest Paid		(8.076.989)	(8.982.560)
Payments Within Provisions Related To Employee Benefits	22	(113.500)	(29.518)
B) CASH FLOWS FROM INVESTING ACTIVITIES		(9.847.303)	28.611.044
Cash Inflows from Disposal of Property, Plant and Equipment and Intangible Assets		38.736	383.089
Cash Inflows from Disposal of Property, Plant and Equipment	18	38.736	380.743
Cash Inflows from Intangible Assets	19	-	2.346
Cash Outflows from Acquisition of Property, Plant and Equipment and Intangible Assets		(9.886.039)	(5.212.045)
Cash OutFlows from Acquisition of Property, Plant and Equipment	18	(9.835.440)	(5.153.395)
Cash OutFlows from Acquisition of Intangible Assets	19	(50.599)	(58.650)
Cash Inflows from Disposal of Investment Properties	17	-	33.440.000
C) CASH FLOWS FROM FINANCING ACTIVITIES		(13.606.740)	35.746.011
Cash Inflows from Issue of Share and Equity Based Instruments	27	-	64.865.644
Cash Inflows from Share Premium		-	64.865.644
Cash Inflows from Issue of Share and Equity Based Instruments		-	(2.305.632)
Cash Inflows from Acquisition of Own Shares		-	(2.305.632)
Cash Inflows from Borrowings	8	29.094.196	216.430.188
Cash Outflows on Debt Payments	8	(41.818.712)	(243.244.189)
Cash Outflows from Payments of Lease Liabilities		(882.224)	-
Effect of exchange rate changes on cash and cash equivalents		(32.612.071)	33.098.481
Net Increase/(Decrease) in Cash and Cash Equivalents		(32.612.071)	33.098.481
D) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	33.782.770	684.289
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	1.170.699	33.782.770

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

NOTE 1 COMPANY'S ORGANIZATION AND NATURE OF OPERATIONS

Yükselen Çelik Anonim Şirketi ("the Company") was established on 20 March 1989 in Istanbul under the corporate title of "Yükselen Çelik Ticaret Limited Şirketi". The corporate title of the Company, on Trade Registry Gazette, No. 8230 dated January 7, 2013, has been changed and the Company has the corporate title of Yükselen Çelik Anonim Şirketi.

The Company's business activities include manufacturing of carbon, manufacturing, structural, alloy and non-alloy, tooling stainless, skilled and unskilled iron and steel products for use in all industries including machinery, automotive, formwork, iron and steel, ship, construction and railway industries and import, export, domestic buying and selling of these products.

The registered address of the Company is as follows:

Osmangazi Mahallesi 2647 sokak No:34/1 Esenyurt İSTANBUL.

Contact Office 1:

Dudullu OSB Mahallesi DES- 1Caddesi DES Sanayi Sitesi Ticaret Merkez Binası No:3/37 Ümraniye/İSTANBUL

Contact Office 2:

AOSB Mahallesi 10022 Sokak No: 18 Çiğli/İZMİR

Contact Office 3:

Ataköy 7-8-9-10. Kısım Mah. Çobançeşme E-5 Yan Yol Cad. Ataköy Towers A Blok No:20/1/140 Kat:10 Bakırköy / İSTANBUL

As of 31 December 2020, the average number of personel employed by the Company is 45. (31 December 2019: 37)

As of 31 December 2020 and 2019, the capital and shareholding structure of the Company are as follows:

	31.12.2020		31.12.2019	
	Shareholding Amount	Shareholding Rates	Shareholding Amount	Shareholding Rates
Yüksel GÖKTÜRK	41.373.239	%33,10	14.335.000	%33,10
Barış GÖKTÜRK	26.408.450	%21,13	9.150.000	%21,13
Burak GÖKTÜRK	17.605.904	%14,08	6.100.000	%14,08
Ferhan GÖKTÜRK	2.640.845	%2,11	915.000	%2,11
Other	36.971.832	%29,58	12.810.000	%29,58
Total	125.000.000	%100	43.310.000	%100

The Company's paid in share capital amounting to TL 86.620.000,00 has been increased by TL 38.380.000,00 to total amount of TL 125.000.000,00 which include share premium TL 8.745.644,42, special funds TL 12.822.895,85 and retained earnings TL 16.811.459,73.

NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Preparation and Presentation Principles of Financial Statements

The Company maintains their books of account and prepares their statutory financial statements in TL in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance.

The accompanying financial statements have been prepared in accordance with the provisions of Capital Markets Board ("CMB") Communiqué No: II-14.1-"Communiqué on Principles of Financial Reporting in Capital Markets" ("Communiqué") in the Official Gazette numbered 28676 dated June 13, 2013 reference to Article 5 of the Public Oversight Accounting and Auditing Standards Board ("POA") that have been put into force by Turkey Accounting Standards and interpretations related to these additional ("TAS") are considered.

The accompanying financial statements have been prepared in accordance with Communiqué No: II-14.1 and financial statements and notes are presented in accordance with the formats required by the CMB dated on 7 June 2013. In addition, the financial statements were published by POA with the decision numbered 30 on June 2, 2016 and together with the changes in TFRS 15 Revenue from Contracts with Customers and TFRS 16 Leases standards, it was presented in accordance with the "Announcement regarding to TAS Taxonomy", or "TFRS 2019" which was published on April 15, 2019.

In accordance with the CMB Turkish Accounting Standard No: 34 "Interim Financial Reporting", entities are allowed to prepare a complete or condensed set of interim financial statements. In this respect, the Company has preferred to prepare financial statements in the interim periods and prepared its complete set of financial statements in accordance with POA.

The Company's financial statements are presented with the Company's functional currency which is used primary economic conditions. Accordingly the Company's financial position and operation results are expressed in Turkish Lira. (The penny digits of the figures in the Company's financial statements are rounded to integer).

These financial statements as of and for the year ended 31 December 2020 have been approved for issue by the Board of Directors ("BOD") on 27 February 2020. These financial statements will be finalised following their approval in the General Assembly.

Dealing with the Inflation Effects in Hyper-Inflationary Periods

Capital Markets Board ("CMB"), has a decision which was taken on 17 March 2005 no 11/367, companies operating in Turkey and for companies that prepare financial statements in accordance with CMB Accounting Standards, it is not necessary the inflation accounting application, to be effective from January 1, 2005 as announced, as of this date Turkey Accounting Standard 29 "Financial Reporting in Hyper inflationary Economies" practice of preparation and presentation of financial statements has ended.

2.1.2. Consolidation Principles

The Company is not subject to consolidation.

2.1.3 Offsetting

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

2.1.4 Comparatives and Adjustment of Prior Period Financial Statements

The current period financial statements of the Company include comparative financial information to enable the determination of the trends in financial position and performance Comparative figures are reclassified, where necessary, to conform to the changes in the presentation of the current period financial statements. Accounting estimates are based on reliable information and reasonable estimation methods. However, estimates are revised as a result of changes in the circumstances under which the forecast is made, new information or additional developments. If the effect of the change in accounting estimate is only for one period, it is reflected to the financial statements in the current period when the change is made and if it is related to future periods, both in the period in which the change is made and in the future periods, to be taken into consideration in determining the profit or loss for the period. The nature and amount of any change in the accounting estimate, which has an impact on the current period activity result or is expected to have an impact on subsequent periods, is disclosed in the notes to the financial statements, except in cases where it is not possible to estimate the effect of future periods. In order to allow for the determination of the financial position and performance trends, the Company's financial statements are prepared comparatively with the previous periods.

2.1.5 Changes in Accounting Policies

Any change in accounting policies and accounting estimates, the amended significant changes and the identified significant accounting errors are made retrospectively or prospectively in accordance with the prior periods Company's financial statements. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period financial statements. There are no any changes in accounting policies.

2.1.6 Changes in Accounting Policies, Estimates and Errors

Accounting estimates are based on reliable information and reasonable estimation methods. However, estimates are revised as a result of changes in circumstances, estimating new information or additional developments. If changes in accounting forecasts are related to only one period, amendments are made in the current period. If amendments are related to the forthcoming periods, changes are applied in both current period and forthcoming periods.

The nature and amount of a change in the accounting estimate, which has an impact on the outcome of the current period or is expected to have an impact on subsequent periods, is disclosed in the notes to the financial statements, except when the estimation of the effect on the future periods is not possible. There are no changes in the accounting estimates expected to have an impact on the results of operations in the current period.

2.1.7 Significant Accounting Estimates and Assumptions

Preparation of financial statements requires the usage of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during the financial period. The accounting assessments, forecasts and assumptions are reviewed continuously considering the past experiences, other factors and the reasonable expectations about the future events under current conditions. Although the estimations and assumptions are based on the best estimates of the management's existing incidents and operations, they may differ from the actual results.

Estimates and assumptions that may cause significant adjustments in the book value of assets and liabilities in the next financial reporting period are as follows:

- a) Provision for employment termination benefits is determined by using actuarial assumptions (discount rates, future salary increases and employee exit rates). **(Note:24)**
- b) The Company depreciates its property, plant and equipment on a straight-line basis over their useful lives. Expected useful life residual value and amortization method are reviewed every year for possible effects of changes in estimates and are accounted for prospectively if there is a change in estimates. **(Note: 17,18,19)**
- c) Provision for doubtful receivables represents the amounts that the Company believes will compensate future losses of receivables which are present as of the balance sheet date but which are not subject to collection in current economic conditions. The past performance of borrowers assessed for impairment of receivables impairment, credits on the market and their performance from the balance sheet date to the date of approval of the financial statements are also taken into consideration. As of the balance sheet date, the related provisions are disclosed in **Note 10**.
- d) Inventories are valued at the lower of cost and net realizable value.
- e) In cases where the net realizable value is below the cost value, provision for inventory impairment is recognized.
- f) The Company does not have Inventory Impairment at the end of the periods.

Cash and Cash Equivalents

Cash and cash equivalents are carried at cost value in the balance sheet. Cash and cash equivalents include cash in hand, deposits held in banks with maturities of 3 months or less, government bonds/treasury bills classified as available for sale financial assets with original maturities of 3 months or less, other short-term liquid investments and blocked deposits. **(Note:6)**

Related Parties

Related parties are the person or entity that is associated with the Company (reporting company) that prepares its financial statements.

- a) A person or a member of the family of such person shall be deemed to be associated with the reporting company if:

- (i) has control or joint control over the reporting company;
- (ii) has significant impact on the reporting company;
- (iii) The reporting company or a parent company of the reporting company is a member of key management personnel.

- (b) An entity is considered to be associated with a reporting company if any of the following conditions exist:

- (i) the entity and the reporting company are members of the same group (ie each parent, subsidiary and other subsidiary is associated with others).
- (ii) the entity is an associate or joint venture of the other company (or member of a group of which the other company is a member),
- (iii) If both companies are joint ventures of the same third party.
- (iv) one of the companies is a joint venture of a third entity and the other entity is an associate of that third entity,
- (v) If the Company has post-employment benefit plans for employees of the reporting entity or of an entity that is associated with the reporting entity, if the reporting entity itself has such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) If the entity is controlled or jointly controlled by a person identified in paragraph (a).
- (vii) a person identified in paragraph (a) of (a) has significant influence on the company or is a member of the senior management personnel of that company (or its parent company).

A transaction with a related party is the transfer of resources, services or liabilities between a reporting entity and a related party, regardless of whether there is a price or not.

Pursuant to the above explanations, in accordance with TAS 24, the Company may directly or indirectly; real and legal person shareholders with sole or joint control, their family members (up to the second degree) and legal companies controlled directly or indirectly by them, alone or together, and / or their senior management personnel legal entities in which the Company acts as; The Company's subsidiary and its members of the Board of Directors, senior management personnel and their family members (up to the second degree) and legal entities controlled directly or indirectly, alone or together, are considered as related parties (**Note 37**).

Trade receivables and Provision for Doubtful Receivables

Trade receivables that are created by the Company by way of providing goods or services directly to a debtor are carried at amortized cost. Trade receivables after unaccrued financial income are measured at amortized cost using the effective interest method, less any uncollectible amounts received. Short-term receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant (**Note 10**). The effective interest method is that the current value is calculated on a "compound interest basis. The rate used in this method and determined on the basis of compound interest is called "effective interest rate". Effective interest rate; is the rate that discounts estimated future cash receipts or payments through the expected life of the financial asset.

When the Company's ordinary business activity cycle is taken into consideration, for the trade receivables whose maturities extend beyond this ordinary business activity cycle, whether the trade receivable is in administrative and / or legal follow-up, whether it is secured or unsecured, and to make a provision for doubtful receivables is assessed by evaluating objective findings and similar situations. The amount of the provision is the difference between the carrying amount of the receivable and the recoverable amount. The recoverable amount is the present value of the expected cash flows, including amounts recoverable from guarantees and collaterals, discounted value based on the original effective interest rate of the original receivable. The Company management evaluates the provision for doubtful receivables for its administrative and / or legal follow-up, unsecured and collection receivables that are out of the Company's ordinary business cycle.

If all or part of the doubtful receivable is collected after the provision for doubtful receivables is collected, the collected amount is deducted from the provision for doubtful receivables and recognized in other operating income.

Inventories

Inventories are valued at the lower of cost and net realizable value. In cases where the net realizable value is below the cost value, provision for impairment is recognized.

The weighted average cost method is used in the calculation of the cost of inventories. Net realizable value is calculated with the estimated selling price in the ordinary course of business, less the costs of completion and estimated costs necessary to make the sale.

Revenue Recognition

Revenues are recognized on an accrual basis at the fair value of the consideration of receivable if the amount of revenue can be determined reliably and the economic benefits associated with the transaction are likely to flow to the Company.

Net sales represent the invoiced value of goods shipped less sales returns and sales discounts.

The Company's sales of goods consist of sales of tools, alloys, carbon and structural steels used in the machinery, mold, automotive, defense and manufacturing industries, and revenue from sales of goods is recognized when the following conditions are met:

- The Company transfers all significant risks and gains related to ownership to the buyer,
- The Company's lack of ongoing administrative involvement and effective control of goods sold and associated with ownership,
- Reliable measurement of revenue,
- It is probable that the economic benefits associated with the transaction will flow to the Company,
- Reliable measurement of transaction costs

Interest income is accrued in the related period at the effective interest rate that reduces the estimated cash inflows from the financial asset to the carrying value of the asset during the expected life of the remaining principal amount. (**Note:23**)

In the event that there is an important financing element in sales, the fair value is determined by discounting the future cash flows with the hidden interest rate within the financing element. The difference is recognized in the financial statements on an accrual basis.

Borrowing Costs

Borrowings are recognized initially at the financial liabilities received, net of transaction costs incurred. Financial liabilities are subsequently measured at amortized cost using the effective interest method. Any difference between financial liabilities, net of transaction costs, and the redemption value is recognized in the statement of profit or loss as financial expense over the period of the borrowings.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (which requires a long period of time to be ready for use and sale as intended) may be capitalized as part of the cost of that asset. As of 31 December 2020, the Company has no capitalized financing expenses.

Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company considers following indicators for the assessment of whether a contract conveys the right to control the use of an identified asset for a period of time or not:

- (a) The contract includes an identified asset (contract includes a definition of a specified asset explicitly or implicitly),
- (b) A capacity portion of an asset is physically distinct or represents substantially all of the capacity of an asset (if the supplier has a substantive right to substitute the asset and obtain economic benefits from use of the asset, then the asset is not an identified asset),
- (c) The Company has the right to obtain substantially all of the economic benefits from use of the identified asset,
- (d) The Company has the right to direct the use of an identified asset. The Company has the right to direct the use of the asset throughout the period of use only if either:
 - i) The Company has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions; or
 - ii) The Company designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use

Right of Use Asset

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- a) The amount of the initial measurement of the lease liability,
- b) Any lease payments made at or before the commencement date, less any lease incentives received,
- c) Any initial direct costs incurred by the Company, and
- d) An estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

When applying the cost model, Company measures the right-of-use asset at cost:

- a) Less any accumulated depreciation and any accumulated impairment losses; and
- b) Adjusted for any remeasurement of the lease liability.

The Company applies the depreciation requirements in TAS 16 Property, Plant and Equipment Standard in depreciating the right-of-use asset. In the event that the supplier transfers the ownership of the underlying asset to the Company at the end of the lease term or if the cost of use rights indicates that the Company will use a purchase option, the Company depreciates the right of use asset from the effective date of the lease to the end of the useful life of the underlying asset. In other cases, the Company depreciates the right of use assets on the basis of the shorter of the useful life or the lease term of the asset, starting from the effective date of the lease.

The Company applies TAS 36 Impairment of Assets Standard to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease Liability

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease, if that rate can be readily determined, or by using the Company's incremental borrowing rate.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- a) Fixed payments, less any lease incentives receivable,
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- c) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

After the commencement date, the Company measures the lease liability by:

- a) Increasing the carrying amount to reflect interest on the lease liability,
- b) Reducing the carrying amount to reflect the lease payments made, and
- c) Remeasuring the carrying amount to reflect any reassessment or lease modifications. The Company recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The interest on the lease liabilities for each period in the lease term is the amount found by applying a fixed periodic interest rate to the remaining balance of the lease liabilities. The periodic interest rate, if easily determined, is the implied interest rate on the lease. If this rate cannot be easily determined, the Company uses the Company's incremental borrowing interest rate.

After the effective date of the lease, the Company remeasures the lease liabilities to reflect changes in lease payments. The Company reflects the remeasurement amount of the lease liabilities to the financial statements as an adjustment to the right of use assets.

The Company remeasures its lease liabilities by deducting the adjusted lease payments at a revised discount rate if either of the following conditions occurs:

- (a) A change in the lease term. The Company determines adjusted lease payments based on the adjusted lease term.
- (b) Changes in the assessment of the option to purchase the underlying asset. The Company determines adjusted lease payments to reflect the change in the amounts payable under the purchase option.

The Company calculates the adjusted discount rate for the remainder of the lease term if the implicit interest rate in the lease can be easily determined; if it cannot be easily determined, the Company determines the alternative borrowing interest rate at the date of the revaluation.

The Company remeasures its lease liabilities by reducing the adjusted lease payments if either of the following conditions incurred:

- (a) Changes in the amounts expected to be paid under a residual value commitment. The Company determines the adjusted lease payments to reflect the change in the amounts expected to be paid under the residual value commitment.
- (b) A change in these payments as a result of an index or rate change used to determine future lease payments. The Company remeasures the lease liabilities to reflect the adjusted lease payments only when there is a change in cash flows.

The Company determines the adjusted lease payments for the remaining lease term based on the adjusted contractual payments.

In this case, the Company uses an unchanged discount rate.

The Company recognizes the restructuring of the lease as a separate lease if both of the following conditions are met:

- (a) The restructuring shall extend the scope of the lease by adding the right of use on one or more underlying assets; and
- (b) The increase in the lease amount by the appropriate price adjustment to reflect the price of the increase alone and the terms of the relevant contract.

Company as Lessor

The Company classifies each of the leases as operational leases or financial leases.

A lease is classified as a financial lease when all risks and gains of ownership of the underlying asset are substantially transferred. A lease is classified as an operational lease if all risks and gains of ownership of the underlying asset are not substantially transferred.

For a contract that includes one or more additional leasing components or not carrying a component, the Company distributes the contractual value by applying TFRS 15, "Revenue from Customer Contracts" standard.

Property, Plant and Equipment and related depreciation

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided for property, plant and equipment on a straight-line basis over their estimated useful lives. Land is not depreciated as it is deemed to have an indefinite useful life.

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

Type	Economic Life (Year)
Plant, Machinery and Equipment	5-20
Vehicles	4-7
Furniture and Fixtures	5-33
Leasehold Improvements	2-20

Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset. Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their net carrying amounts and are classified under "gains/losses from investing activities" in the current period.

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net selling price or value in use. Recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilisation of this property, plant and equipment or its fair value less cost to sell.

Repairs and maintenance expenses are charged to the income statements during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their net carrying amounts and are classified under "gains/losses from investing activities" in the current period.

Intangible Assets and related amortisation

Intangible assets acquired before 1 January, 2005 are carried at acquisition costs adjusted for inflation; whereas those purchased in and purchased after 2005 are carried forward at their acquisition cost less accumulated amortization.

Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being recognized for on a prospective basis.

Intangible assets purchased are amortized on a straight-line basis over their estimated useful lives. The useful lives of intangible assets vary between 5 and 20 years.

Impairment of Assets

For assets that are subject to amortization, an impairment test is applied if events or events occur where it is not possible to recover the carrying amount. An impairment loss is recognized if the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Foreign Currency Translation

Foreign currency transactions are translated into Turkish Lira using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Turkish Lira using the exchange rates at the balance sheet date. Foreign exchange gains / losses resulting from trading activities and collections of foreign currency transactions are included in the income statement. The Company's financial position and results of operations are expressed in TL, which is the functional currency of the Company.

Transactions in foreign currencies during the preparation of the financial statements of the Company are recognized at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Turkish Lira at the exchange rates prevailing at the balance sheet date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognized as profit or loss in the period in which they are incurred.

Earnings Per Share

Earnings per share disclosed in the income statement are determined by dividing net income attributable to equity holders of the parent by the weighted average number of shares outstanding during the period concerned. In Turkey, companies can increase their share capital through a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustment to equity. For the purpose of earnings per share computations, the weighted average number of shares in existence during the period has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period as if the event had occurred at the beginning of the earliest period reported.

Events After the Balance Sheet Date

Subsequent events cover all events that occur between the balance sheet date and the publication date of the financial statements.

If there is substantial evidence that the subsequent events existed or arise after the balance sheet date, these events are disclosed and explained in the notes to the financial statements. The Company adjusts the financial statements accordingly when events after balance sheet date requires adjustments to be made.

Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are not included in the financial statements and treated as contingent assets or liabilities.

Taxes on Income

Income tax expense is the sum of the current tax expense and deferred tax expense (or income).

Current Tax

Current year tax liability is calculated over the taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it excludes items that cannot be taxed or deducted. The Company's liability for current tax is calculated using legal statutory tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred Tax

Deferred tax assets and liabilities are determined by calculating the temporary differences between the amounts shown in the financial statements and the amounts considered in the statutory tax base in accordance with the balance sheet method. Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax liability or asset is not calculated in respect of temporary

timing differences arising from the initial recognition of assets or liabilities other than goodwill or business combinations and which do not affect both commercial and financial profit /loss.

Deferred tax liabilities are calculated for all taxable temporary differences related to the investments in subsidiaries and associates and shares in joint ventures, except in cases where the Company is able to control the discontinuation of temporary differences and in the near future it is unlikely that such difference will be eliminated. Deferred tax assets resulting from taxable temporary differences related to such investments and shares are calculated on the condition that it is highly probable that future taxable profit will be available and that it is probable that future differences will be eliminated.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that financial profit will be available to allow the benefit of some or that entire amount.

Deferred tax assets and liabilities are calculated over the tax rates that are expected to be valid in the period when the assets are realized or the liabilities are fulfilled and legalized or substantially legalized as of the balance sheet date (tax regulations). During the calculation of deferred tax assets and liabilities, the tax consequences of the methods that the Company expects to recover or settle the carrying amount of the assets as of the balance sheet date are taken into consideration

Deferred tax assets and liabilities are recognized when there is a legal right to offset current tax assets and current tax liabilities, or if such assets and liabilities are associated with the income tax collected by the same tax authority, or if the Company intends to pay off the current tax assets and liabilities.

Current and Deferred Tax for the Period

The deferred tax, other than those directly attributable to debt or liability recognized in equity (in which case deferred tax is recognized directly in equity) or deferred tax, other than those arising from initial recognition of business combinations, is recognized as income or expense in the income statement. In business combinations, the tax effect is taken into consideration in the calculation of goodwill or in determining the part of the purchaser that exceeds the acquisition cost of the share of the acquiree's identifiable assets, liabilities and contingent liabilities in the fair value.

The taxes included in the financial statements include current period tax and the change in deferred taxes. The Company calculates current and deferred tax on the results for the period.

Offsetting in Tax Assets and Liabilities

The amount of corporate tax payable is offset because it is related to prepaid corporate tax amounts. Deferred tax assets and liabilities are also offset in the same way.

Provision for Employment Termination Benefits

The provision for employment termination benefits, as required by Turkish Labour Law represents the present value of the future probable obligation of the Company arising from the retirement of its employees based on the actuarial projections.

TAS 19 "Employee Benefits" requires actuarial assumptions (net discount rate, turnover rate to estimate the probability of retirement etc.) to estimate the entity's obligation for employment termination benefits. The effects of differences between the actuarial assumptions and the actual outcome together with the effects of changes in actuarial assumptions compose the actuarial gains / losses and recognized under other comprehensive income.

Statement of Cash Flow

Cash and cash equivalents are stated at their fair values in the statement of financial position. The cash and cash equivalents comprises cash in hand, bank deposits and highly liquid investments. In the statement of cash flows, cash flows are classified according to operating, investing and financing activities.

Cash flows from operating activities represent cash flows generated from the Company's main operations. Cash flows from investing activities (asset investment and financial investment) represent the cash flows that are used in or provided from the investing activities of the Company.

Cash flows related to financing activities represent the resources that the Company uses in financing activities and the repayments of these resources.

2.1.9 Amendments in International Financial Reporting Standards

The accounting policies applied in the preparation of the financial statements as of 1 January-31 December 2020 are consistent with those applied in the preparation of the financial statements as of 1 January 2020, except for the new and amended TFRS standards which are valid as of 1 January 2019 and Turkey Financial Reporting Interpretations Committee's ("TFRIC") interpretations summarised below.

i) Standards, amendments and interpretations effective as of 1 January 2020:

- Business Combinations (TFRS 3 Amendments)
- Amendments in TFRS 9, TAS 39 and TFRS 7 Standards-Interest Rate Benchmark Reform
- Definition of Materiality (TAS 1 and TAS 8 Amendments)

The Company has evaluated the effects of new standards, amendments and interpretations and it had no significant impact on the financial statements.

ii) New standards, amendments and interpretations that are issued and not entered into force:

The new standards, interpretations and amendments that have been published as of the reporting date of the financial statements but have not yet entered into force for the current accounting period and have not applied earlier by the Company are as follows. Unless otherwise stated, the Company will make the necessary changes that will affect the financial statements and notes after the new standards and interpretations become effective.

- TFRS 10 and TAS 28: Sales or Contributions of Assets between an Investor and its Associate/Joint Venture – Amendment
- TFRS 17 – Insurance Contracts Standard
- Amendments to TAS 1 – Classification of Liabilities as Current or Non-Current

NOTE 3 BUSINESS COMBINATIONS

As of 31 December 2020 and 2019, the Company does not have any Business Combinations.

NOTE 4 DISCLOSURE OF INTERESTS IN OTHER ENTITIES

As of 31 December 2020 and 2019, the Company does not have any Disclosure of Interests Other Entities.

NOTE 5 SEGMENT REPORTING

As of 31 December 2020 and 2019, the Company does not have any Segment Reporting.

NOTE 6 CASH AND CASH EQUIVALENTS

The Company's Cash and Cash Equivalents as of 31 December 2020 and 2019 are as follows

	31.12.2020	31.12.2019
Cash in hand	1.116	1.981
Banks	1.169.583	33.780.789
Demand Deposit	848.205	2.078.141
Time Deposit	321.378	31.702.648
Other	-	-
Total	1.170.699	33.782.770

The Company does not have any blocked deposits as of the end of the periods.

NOTE 7 FINANCIAL INVESTMENTS

As of 31 December 2020 and 2019, the Company does not have any Short and Long Term Financial Investments.

NOTE 8 BORROWINGS

The Company's Borrowings as of 31 December 2020 and 2019 are as follows:

	31.12.2020	31.12.2019
Bank Borrowings	3.295.000	5.276.348
Short Term Portion of Long Term Loans	591.228	7.743.395
Lease Liabilities (**)	763.400	348.079
-Related Parties	473.778	348.079
-Third Parties	289.622	-
Other (*)	89.584	96.045
Total Short Term Borrowings	4.739.212	13.463.867
	31.12.2020	31.12.2019
Bank Borrowings	165.037	3.797.733
Lease Liabilities (**)	4.033.599	2.806.319
-Related Parties	2.449.509	2.201.840
-Third Parties	1.584.090	604.479
Total Long Term Borrowings	4.198.636	6.604.052
Total Borrowings	8.937.848	20.067.919

(*) Includes credit card balances.

(**) In accordance with TFRS 16 "Leases" standard, lessors are required to recognise the lease liabilities they will pay in the future for almost all lease agreements and an right of use of assets on their balance sheets. Payables from short and long term lease transactions comprise long term lease liabilities to be paid in accordance with the existing lease agreements.

The redemption schedule of bank loans is as follows:

Maturities	31.12.2020	31.12.2019
0-3 months	3.295.000	5.276.348
4-12 months	591.228	7.743.395
1-5 years	165.037	3.797.733
Total	4.051.265	16.817.476

The effective interest rates of the bank loans in terms of foreign currencies are as follows:

31.12.2020

Type	Currency Amount	TL Amount	Annual Effective Interest Rate (%)
TL Borrowings	4.051.266	4.051.265	%15,14-20,15
Total		4.051.265	

31.12.2019

Type	Currency Amount	TL Amount	Annual Effective Interest Rate (%)
TL Borrowings	16.817.476	16.817.476	%16,26-27,13
Total		16.817.476	

NOTE 9 OTHER FINANCIAL LIABILITIES

As of 31 December 2020 and 2019, the Company does not have any Other Short and Long Term Other Financial Liabilities.

NOTE 10 TRADE RECEIVABLES AND PAYABLES

The Company's Short Term Trade Receivables as of 31 December 2020 and 2019 are as follows.

	31.12.2020	31.12.2019
Trade Receivables from Non Related Parties	92.660.137	80.415.040
<i>Customers</i>	34.060.146	41.393.144
<i>Notes Receivables</i>	64.131.483	41.661.077
<i>Rediscount on Notes Receivables (-)</i>	(5.531.492)	(2.639.181)
<i>Doubtful Trade Receivables</i>	3.748.097	3.854.111
<i>Provisions for Doubtful Trade Receivables (-)</i>	(3.748.097)	(3.854.111)
Trade Receivables from Related Parties (<i>Note: 37</i>)	-	-
Total	92.660.137	80.415.040

The average collection term of trade receivables is 171 days (31.12.2019; 115 days). The compound interest rates of Government Debt Securities are used as the effective interest rate for TL receivables and payables in the rediscount of trade receivables (31.12.2020: 17,50 %). The Company allocates provision for losses on customer basis for its trade receivables, which become problematic. Provision amounts include receivables that are considered to be non-refundable by customers or the value of guarantees received for such receivables cannot be realised.

The movements of provisions for doubtful receivables are as follows:

	01.01.2020	01.01.2019
	31.12.2020	31.12.2019
Beginning of the Period	3.854.111	3.573.367
Increases During the Period (<i>Note:31</i>)	20.421	261.106
Provisions No Longer Required (<i>Note:31</i>)	(267.373)	-
Provisions No Longer Required TFRS 9	(141.198)	(121.560)
TFRS 9 Additions During the Period	282.135	141.198
End of the Period	3.748.097	3.854.111

The Company has no Long Term Trade Receivables as of 31 December 2020 and 2019.

The Company insuring the trade receivables within the borders of Turkey with Euler Hermes Sigorta A.Ş. and a credit insurance policy detailed below.

- The policy is between 1 November 2019 – 31 October 2020 and has been issued as one year.
- The currency of the claims subject to the policy is determined as TL.
- The guarantee rate is 90% for trade receivables with credit limit requests.

In addition, the Company has letters of guarantee and receivables within the scope of Government Debt Securities.

As of 31 December 2020, the Company has an insurance coverage limit of TL 61.565.000, allocated for 489 customers under Euler Hermes Insurance A.Ş. In domestic banks, the Company has a limit of TL 23.797.000 government debt securities for its 96 customers. The Company has letter of guarantee amounting to TL 780.000 limit for its 5 customers. With these 3 instruments, the Company has a maximum of TL 86.142.000 supplier coverage limits for its 590 customers. As of 31 December 2020, receivables amounting to TL 29.321.128 are collateralized debt obligations by insurance, letter of guarantee and direct debiting system. (31 December 2019: TL 17.687.771)

As of 31 December 2020 and 2019, the Company's Short Term Trade Payables are as follows:

	31.12.2020	31.12.2019
Trade Payables to Non Related Parties	44.542.092	41.681.996
<i>Suppliers</i>	22.559.286	21.704.958
<i>Notes Payables</i>	23.697.458	20.813.266
<i>Rediscount on Notes Payables (-)</i>	(1.714.652)	(836.227)
Trade Payables to Related Parties (<i>Note:37</i>)	-	-
Total	44.542.092	41.68.996

The average payable period for trade payables is 108 days (31.12.2019; 76 days). The compound interest rates of Government Debt Securities are used as the annual effective interest rate for TL receivables and payables in the rediscount of trade payables. (31.12.2019: 11%)

As of 31 December 2020 and 2019, the Company does not have Long Term Trade Payables.

NOTE 11 OTHER RECEIVABLES AND PAYABLES

As of 31 December 2020 and 2019, the details of Short-term Other Receivables are as follows:

Account Name	31.12.2020	31.12.2019
Other Receivables from Non Related Parties	16.299	20.977
Deposits and Guarantees Given	3.561	12.000
Receivables from Tax Office	12.738	8.977
Other Receivables	-	-
Total	16.299	20.977

As of 31 December 2020 and 2019, the details of Long-term Other Receivables are as follows:

Account Name	31.12.2020	31.12.2019
Other Receivables from Non Related Parties	1.980	1.981
Deposits and Guarantees Given	1.980	1.981
Other Receivables from Related Parties (Note:37)	-	-
Total	1.980	1.981

As of 31 December 2020 and 2019, the Company does not have any guarantees received against Short and Long Term Receivables.

As of 31 December 2020 and 2019, the details of Short-Term Other Payables are as follows:

Account Name	31.12.2020	31.12.2019
Payables to Related Parties (Not:37)	-	-
Payables to Non Related Parties	522.574	47.394
Taxes Payable	522.574	1.857
Deferred Liabilities to Public Institutions	-	45.537
Total	522.574	47.394

As of 31 December 2020 and 2019, the Company does not have Long Term Other Payables.

As of 31 December 2020 and 2019, the Company does not have guarantees given for Short and Long Term Other Payables

NOTE 12 DERIVATIVE INSTRUMENTS

Derivative instruments which is included in Current Assets are as follows:

Account Name	31.12.2020	31.12.2019
Derivative Financial Instruments in Current Assets (*)	9.142.080	-
Total	9.142.080	-

Derivative instruments which is included in Short Term liabilities are as follows:

Account Name	31.12.2020	31.12.2019
Derivative Financial Instruments in Liabilities (*)	9.959.027	-
Total	9.959.027	-

(*) Forward transactions includes USD 4.350.000 and EUR 200.000.

NOTE 13 INVENTORIES

The Company's Inventories as of 31 December 2020 and 2019 are as follows:

Account Name	31.12.2020	31.12.2019
Merchandise	81.361.581	79.489.124
Total	81.361.581	79.489.124

There are no inventories given as guarantee against liabilities.

	31.12.2020	31.12.2019
Cost Value	-	-
Carried at Cost Value (b)	81.361.581	79.489.124
Total Inventories (a+b)	81.361.581	79.489.124

As of 31 December 2020 and 2019, the Company does not have any inventory impairment.

NOTE 14 RIGHT OF USE ASSETS

As of 31 December 2020 and 2019, the Company's right of use assets and related accumulated depreciation movements are as follows:

Cost

Account Name	01.01.2020	Contractual Additions (+)	Rent Increase Additions (+)	31.12.2020
Right of Use Assets	3.421.924	1.319.970	961.271	5.703.165
Total	3.421.924	1.319.970	961.271	5.703.165

Accumulated Depreciation

Account Name	01.01.2020	Current Period Depreciation (+)	Disposals (-)	31.12.2020
Right of Use Assets	(570.321)	(883.923)		(1.454.244)
Total	(570.321)	(883.923)	-	(1.454.244)
Net Book Value	2.851.603			4.248.921

As of 31 December 2019, the Company's right of use assets and related accumulated depreciation movements are as follows:

31.12.2019

Cost

Account Name	01.01.2019	Acquisitions (+)	Disposals (-)	31.12.2019
Right of Use Assets	-	3.421.924	-	3.421.924
Total	-	3.421.924	-	3.421.924

Accumulated Depreciation

Account Name	01.01.2019	Current Period Depreciation (+)	Disposals (-)	31.12.2019
Right of Use Assets	-	(570.321)	-	(570.321)
Total	-	(570.321)	-	(570.321)
Net Book Value	-			2.851.603

NOTE 15 PREPAID EXPENSES AND DEFERRED INCOME

As of 31 December 2020 and 2019, the Company's Short Term Prepaid Expenses are as follows:

Account Name	31.12.2020	31.12.2019
Short Term Prepaid Expenses	290.968	278.168
Advances Given for Purchases (*)	20.056.421	1.934.804
Total	20.347.389	2.212.972

(*) The balance of the advances given for purchases includes the transfer of the deficit balances in 320 accounts. Özkan Demir Çelik Sanayi ve Ticaret A.Ş. has the highest amount in the balance in the portion of the balance includes domestic suppliers, amounting to TL 2.102.293, and TL 5.070.231 from Kardemir Karabük Demir Çelik. Foreign suppliers balance includes the Dss International Sa. amounting to TL 3.936.215.

As of 31 December 2020 and 2019, the Company's Long Term Prepaid Expenses are as follows:

Account Name	31.12.2020	31.12.2019
Long Term Prepaid Expenses	5.610	10.034
Total	5.610	10.034

As of 31 December 2020 and, the Company's Short Term Deferred Income is as follows:

Account Name	31.12.2020	31.12.2019
Advances Received (*)	2.436.565	375.045
Total	2.436.565	375.045

(*) Includes of advances given for sale of inventory.

As of 31 December 2020 and 2019, the Company does not have Long Term Deferred Income.

NOTE 16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

As of 31 December 2020 and 2019, the Company has no Investments Accounted for Using the Equity Method.

NOTE 17 INVESTMENT PROPERTIES

As of 31 December 2020 and 2019, the Company does not have Investment Properties

Cost

31.12.2019

Account Name	01.01.2019	Acquisitions (+)	Fair Value Increase/Decrease	Disposals (-)(*)	31.12.2019
Land	19.655.000	-	-	(19.655.000)	-
Buildings	6.835.000	-	-	(6.835.000)	-
Total	26.490.000	-	-	26.490.000	-

NOTE 18 PROPERTY, PLANT AND EQUIPMENT

As of 31 December 2020 and 2019, the Company's property, plant and equipment and related accumulated depreciation movements are as follows:

31.12.2020

Cost

Account Name	01.01.2020	Acquisitions (+)	Disposals (-)	31.12.2020
Plant, Machinery and Equipment	3.710.417	1.923.027	(99.343)	5.534.100
Motor Vehicles	2.298.654	685.349	-	2.984.003
Furniture and Fixtures	1.425.492	1.114.382	(9.970)	2.529.904
Leasehold Improvements	3.617.833	6.112.682	-	9.730.516
Total	11.052.396	9.835.440	(109.313)	20.778.523

Accumulated Depreciation

Account Name	01.01.2020	Current Period Depreciation (+)	Disposals (-)	31.12.2020
Plant, Machinery and Equipment	(645.198)	(509.082)	66.514	(1.087.766)
Motor Vehicles	(876.270)	(398.627)	-	(1.274.897)
Furniture and Fixtures	(537.866)	(213.480)	4.063	(747.282)
Leasehold Improvements	(2.862.452)	(791.015)	-	(3.653.467)
Total	(4.921.786)	(1.912.204)	70.577	(6.763.412)
Net Book Value	6.130.610			14.015.109

As of 31.12.2020, the Company has no pledges, mortgages or restrictions on property, plant and equipment.

As of 31.12.2020, the Company's total insurance coverage on assets is TL 70.225.

31.12.2019

Cost

Account Name	01.01.2019	Acquisitions (+)	Disposals (-)	31.12.2019
Plant, Machinery and Equipment	977.393	3.033.166	(300.142)	3.710.417
Motor Vehicles	1.235.303	1.331.113	(267.762)	2.298.654
Furniture and Fixtures	1.381.448	89.114	(45.070)	1.425.492
Leasehold Improvements	2.917.831	700.002	-	3.617.833
Total	6.511.975	5.153.395	(612.974)	11.052.396

Accumulated Depreciation

Account Name	01.01.2019	Current Period Depreciation (+)	Disposals (-)	31.12.2019
Plant, Machinery and Equipment	(845.517)	(61.819)	262.138	(645.198)
Motor Vehicles	(869.856)	(212.469)	206.055	(876.270)
Furniture and Fixtures	(413.758)	(164.881)	40.773	(537.866)
Leasehold Improvements	(2.817.218)	(45.234)	-	(2.862.452)
Total	(4.946.349)	(484.403)	508.966	(4.921.786)
Net Book Value	1.565.626			6.130.610

NOTE 19 INTANGIBLE ASSETS

Other Intangible Assets

The Company's Other Intangible Assets as of 31 December 2020 and 2019 are as follows:

31.12.2020

Cost

Account Name	01.01.2020	Acquisitions (+)	Disposals (-)	31.12.2020
Rights	123.967	50.599	-	174.566
Total	123.967	50.599		174.566

Accumulated Depreciation

Account Name	01.01.2020	Current Period Depreciation (+)	Disposals (-)	31.12.2020
Rights	(43.854)	(29.770)	-	(73.625)
Total	(43.854)	(29.770)	-	(73.625)
Net Book Value	80.112			100.941

31.12.2019

Cost

Account Name	01.01.2019	Acquisitions (+)	Disposals (-)	31.12.2019
Rights	68.833	58.650	(3.516)	123.967
Total	68.833	58.650	(3.516)	123.967

Accumulated Depreciation

Account Name	01.01.2019	Current Period Depreciation (+)	Disposals (-)	31.12.2019
Rights	(29.926)	(15.099)	1.171	(43.854)
Total	(29.926)	(15.099)	1.171	(43.854)
Net Book Value	38.907			80.112

Goodwill

The Company has no goodwill as of the end of the periods.

NOTE 20 EMPLOYEE BENEFITS PAYABLES

As of 31 December 2020 and 2019, the Company does not have any Government Grants.

Account Name	31.12.2020	31.12.2019
Payables to Personnel	-	9.557
Taxes Payables	142.160	106.564
SSI Premium Payables	113.068	102.459
Total	255.228	218.580

NOTE 21 GOVERNMENT GRANTS

As of 31 December 2020 and 2019, the Company does not have any Government Grants.

NOTE 22 SHORT TERM PROVISIONS

As of 31 December 2020 and 2019, the Company does not have any Provisions, Contingent Assets and Liabilities.

ii) Commitments, mortgages and guarantees not included in the liability

Guarantees Received and Given as of 31 December 2020 and 2019, are as follows:

		31.12.2020	31.12.2019
	Currency	Original Amount	Original Amount
Letters of Guarantee Given	TL	7.811.700	811.700
Bill of Guarantees Given	TL	6.630.000	14.992.151
Total		14.441.700	15.803.851
Letters of Guarantee Received	TL	780.000	730.000
Total		780.000	730.000

iii) Guarantees and mortgages on assets

As of 31 December 2020 and 2019, the Company does not have mortgages on assets.

iii) Ratio of guarantees and mortgages to equity

As of 31 December 2020 and 2019, the Company's collateral / pledge / mortgage position are as follows:

Collateral, Pledge, Mortgages Given by the Company	31.12.2020	31.12.2019
A. Total amount of CPM's given in the name of its own legal personality	7.811.700	811.700
Letter of Guarantee	7.811.700	811.700
B. Total amount of CPM's given on behalf of the fully consolidated companies	-	-
C. Total amount of CPM's given on behalf of third parties for ordinary course of business	6.630.000	14.992.151
Bill of Guarantees (*)	6.630.000(*)	14.992.151(*)
D. Total amount of other CPM's given	-	-
i. Total amount of CPM's given on behalf of the majority shareholder	-	-
ii. Total amount of CPM's given to on behalf of other companies which are not in scope of B and C	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-
Total	-	-
	14.441.700	15.803.851

(*) The related parties of the Company are Göktürkler Çelik A.Ş. and Sky Fuarcılık A.Ş. and includes bill of guarantees given for the loan and guaranty agreement given in favor of the Company.

NOTE 23 COMMITMENTS

As of 31 December 2020 and 2019, the Company does not have any export and import commitments.

NOTE 24 LONG TERM PROVISIONS

As of 31 December 2020 and 2019, the Company's Long Term Provisions are as follows:

Provision for Employment Termination Benefits:

	31.12.2020	31.12.2019
Provision for Employment Termination Benefits	579.169	415.555
Total	579.169	415.555

Under Turkish Labour Law, Yukselen Çelik is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). As the maximum liability is revised semi-annually, the maximum amount of TL7.638,96 effective from 1 January 2021 (1 January 2020: TL 6.379,86).

The liability is not funded as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of total liabilities:

The principal assumption is that the maximum liability for each year of service increases in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for future inflation effects. As of 31 December 2020, the provisions in the accompanying financial statements are calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. As of the 31 December 2020, the provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 10.00% and an interest rate of 14.00%, resulting in a real discount rate of 3.64%. (31 December 2019: %5,75 real discount rate).

Movements in the provision for employment termination benefits are as follows.

	01.01.2020 31.12.2020	01.01.2019 31.12.2019
Beginning of the Period	415.555	335.489
Current Period Service Cost	19.855	26.618
Interest Cost	49.368	36.890
Actuarial Gains / Losses	157.319	56.930
Payment/Reduction of Benefits /Loss due to Dismissal	50.572	(10.854)
Payments During the Period	(113.500)	(29.518)
End of the Period	579.169	415.555

As of 31 December 2020 and 2019, the Company does not have any Long Term Provision for Lawsuits.

NOTE 25 TAX ASSETS AND LIABILITIES

As of 31 December 2020 and 2019, the Company does not have any tax assets.

As of 31 December 2020 and 2019, the Company does not have any tax liabilities.

NOTE 26 OTHER ASSETS AND LIABILITIES

Other Current Assets of the Company as of 31 December 2020 and 2019 are as follows:

Account Name	31.12.2020	31.12.2019
Advances Given to Employee	222.605	44.918
Deferred VAT	-	3.536.173
Total	222.605	3.581.091

As of 31 December 2020 and 2019, the Company does not have any Other Non-Current Assets.

As of 31 December 2020 and 2019, the Company does not have Other Short Term and Long Term Liabilities.

NOTE 27 EQUITY

The Company's shareholding structures as of 31 December 2020 and 2019, are as follows:

	31.12.2020		31.12.2019	
	Shareholding Amount	Shareholding Rate	Shareholding Amount	Shareholding Rate
Yüksel GÖKTÜRK	41.373.239	%33,10	14.335.000	%33,10
Barış GÖKTÜRK	26.408.450	%21,13	9.150.000	%21,13
Burak GÖKTÜRK	17.605.634	%14,08	6.100.000	%14,08
Ferhan GÖKTÜRK	2.640.845	%2,11	915.000	%2,11
Other	36.971.832	%29,58	12.810.000	%29,58
Total	125.000.000	%100	43.310.000	%100

Changes in Shareholding Structure

The Company's paid in share capital amounting to TL 86.620.000,00 has been increased by TL 38.380.000,00 to total amount of TL 125.000.000,00 which include share premium TL 8.745.644,42, special funds TL 12.822.895,85 and retained earnings TL 16.811.459,73.

i) Capital Reserves

As of 31 December 2020 and 2019, the Company has no capital reserves.

ii) Restricted Reserves from Retained Earnings

Legal reserves consist of first and second reserves as stipulated in the Turkish Commercial Code. According to Article 519 of the Turkish Commercial Code ("TCC"), the general legal reserve is allocated as 5% of the annual profit until it reaches 20% of the company's paid-in capital. After reaching this limit, 10% of the total amount will be added to the general legal reserves after the dividend payment is paid to the shareholders. According to the Turkish Commercial Code, if the general legal reserve does not exceed 50% of the share capital or the issued capital, it can be used only to close the losses, to continue the business when business is not going well or to take measures to mitigate the results.

As of 31 December 2020 and 2019, the Company's Restricted Reserves from Retained Earnings are as follows:

Account Name	31.12.2020	31.12.2019
Statutory Reserves	2.395.783	687.173
Total	2.395.783	687.173

iii) Retained Earnings/Losses

Prior Years Income consists of Extraordinary Reserves and Other Prior Year Profit / Losses. As of 31 December 2020 and 2019, the Company's Retained Earnings/(Losses) are as follows:

Account Name	31.12.2020	31.12.2019
Other Retained Earnings/(Losses)	13.678.929	29.390.976
Extraordinary Reserves	2.795.186	22.222
Total	16.474.115	29.413.198

iv) Repurchased Shares

As of 31 December 2020 and 2019, the Company's Repurchased Shares are as follows:

Account Name	31.12.2020	31.12.2019
Repurchased Shares	(2.305.632)	(2.305.632)
Total	(2.305.632)	(2.305.632)

v) *Share Premiums/Discounts*

As of 31 December 2020 and 2019, the Company's Share Premiums are as follows:

Account Name	31.12.2020	31.12.2019
Share Premiums	-	52.055.644
Total	-	52.055.644

vi) *Accumulated Other Comprehensive Income or Expenses to be Reclassified in Profit or Loss*

As of 31 December 2020 and 2019, the Company does not have any accumulated other comprehensive income or expenses to be reclassified in profit or loss.

vii) *Accumulated Other Comprehensive Income or Expenses not to be Reclassified in Profit or Loss*

As of 31 December 2020 and 2019, the detailed table of other comprehensive income or expenses not to be reclassified in profit or loss recognized in equity is as follows:

Account Name	31.12.2020	31.12.2019
Gains/Losses on Remasurement of Defined Benefit Plans	(240.843)	(118.134)
Total	(240.843)	(118.134)

viii) *Other*

The Equity items of the Company as of 31 December 2020 and 2019 are as follows:

Account Name	31.12.2020	31.12.2019
Paid in Share Capital	125.000.000	43.310.000
Repurchased Shares (-)	(2.305.632)	(2.305.632)
Capital Adjustments Due to Cross-Ownership (-)	-	52.055.644
Accumulated Other Comprehensive Income Or Expenses not to Be Reclassified In Profit Or Loss	(240.843)	(118.134)
<i>Gains/Losses on Remasurement of Defined Benefit Plans</i>	<i>(240.843)</i>	<i>(118.134)</i>
Restricted Reserves from Retained Earnings	2.395.783	687.173
Retained Earnings/(Losses)	16.474.115	29.413.199
Net Profit/(Loss) for the Period	12.661.446	18.017.939
Total Equity Holders of the Parent	153.984.869	141.060.189
Total Equity	153.984.869	141.060.189

NOTE 28 REVENUE AND COST OF SALES

The Company's Revenue and Cost of Sales as of 31 December 2020 and 2019, is as follows.

Account Name	01.01.2020 31.12.2020	01.01.2019 31.12.2019
Domestic Sales	182.067.222	171.576.713
Foreign Sales	3.700.138	104.910
Other Revenue	245.861	148.623
Sales Returns (-)	(1.802.443)	(1.007.240)
Sales Discounts (-)	(468.071)	(145.136)
Net Sales	183.742.707	170.677.870
Cost of Sales (-)	(149.719.701)	(137.176.634)
Gross Profit/(Loss)	34.023.006	33.501.236

NOTE 29 GENERAL ADMINISTRATIVE EXPENSES AND MARKETING, SALES AND DISTRIBUTION EXPENSES

The Company's General Administrative Expenses, Marketing, Sales and Distribution Expenses as of 31 December 2020 and 2019, are as follows:

	01.01.2020	01.01.2019
Account Name	31.12.2020	31.12.2019
Marketing, Sales and Distribution Expenses	(5.683.359)	(4.592.517)
General Administrative Expenses	(5.635.670)	(4.442.638)
Total	(11.319.029)	(9.035.155)

NOTE 30 EXPENSES BY NATURE

Expenses by Nature of Company as of 31 December 2020 and 2019, is as follows:

Marketing, Sales and Distribution Expenses	01.01.2020	01.01.2019
	31.12.2020	31.12.2019
Personnel Expenses	(1.935.817)	(1.580.240)
Fair & Advertisement& Market Research Expenses	(209.384)	(617.862)
Travel Expenses	(23.251)	(86.175)
Consultancy and Audit Expenses	(608.887)	(334.868)
Shipping and Transportation Expenses	(1.222.830)	(854.576)
Depreciation and Amortization Expenses	(603.617)	(124.413)
Maintenance and Repair Expenses	(154.454)	(197.673)
Taxes and Other Legal Dues	-	-
Insurance Expenses	(54.583)	(157.800)
Employment Termination Expenses	(118.144)	(84.183)
Motor Vehicle Expenses	(249.975)	(319.107)
Rent Expenses	-	-
Other Expenses	(502.417)	(235.620)
Total	(5.683.359)	(4.592.517)

General Administrative Expenses	01.01.2020	01.01.2019
	31.12.2020	31.12.2019
Personnel Expenses	(2.350.855)	(1.574.639)
Consultancy and Audit Expenses	(280.793)	(271.399)
Communication and IT Expenses	(39.874)	(36.876)
Taxes and Other Legal Dues	(60.740)	(529.765)
Depreciation and Amortization Expenses	(1.341.623)	(804.217)
Utility Expenses	(76.870)	(47.512)
Insurance Expenses	(454.194)	(338.922)
Stationary Expenses	(39.917)	(60.767)
Food and Beverages Expenses	(316.119)	(254.024)
Other Expenses	(674.685)	(524.517)
Total	(5.635.670)	(4.442.638)

Depreciation and Amortization Expenses

	01.01.2020	01.01.2019
Account Name	31.12.2020	31.12.2019
General Administrative Expenses	(1.341.623)	(804.217)
Marketing, Sales and Distribution Expenses	(603.617)	(124.413)
Cost of Sales	(880.657)	(141.193)
Total	(2.825.897)	(1.069.823)

Personnel Expenses

	01.01.2020	01.01.2019
Account Name	31.12.2020	31.12.2019
General Administrative Expenses	(2.350.855)	(1.574.639)
Marketing, Sales and Distribution Expenses	(1.935.817)	(1.580.240)
Cost of Sales	(633.563)	(598.540)
Total	(4.920.235)	(3.753.419)

NOTE 31 OTHER OPERATING INCOME / (EXPENSES)

The Company's Other Operating Income/ (Expenses) for the periods are as follows:

	01.01.2020	01.01.2019
	31.12.2020	31.12.2019
Other Operating Income		
Provisions No Longer Required (Unused Vacation)	-	-
Provisions No Longer Required (Doubtful Receivables)	408.571	121.560
Interest Eliminated from Sales	10.408.841	6.678.097
Current Period Rediscount Income	1.714.652	836.227
Prior Period Rediscount Reversal	2.639.181	1.896.304
Foreign Exchange Gains	836.624	454.479
Insurance Indemnity Income	26.826	2.173
Other Gains and Profits	433.745	353.377
Total	16.468.440	10.342.217

	01.01.2020	01.01.2019
	31.12.2020	31.12.2019
Other Operating Expenses		
Provision for Doubtful Receivables Expenses	(302.557)	(402.304)
Employment Termination Expenses	-	(15.817)
Interest Eliminated from Purchases	(7.385.911)	(3.138.884)
Current Period Rediscount Expense	(5.531.492)	(2.639.181)
Prior Period Rediscount Reversal	(836.228)	(644.005)
Foreign Exchange Losses	(8.969.347)	(314.825)
Other Expenses	(380.402)	(254.826)
Total	(23.405.937)	(7.409.842)

NOTE 32 GAINS/ (LOSSES) FROM INVESTMENT ACTIVITIES

The Company's Gains from Investment Activities for the periods ended are as follows:

	01.01.2020	01.01.2019
	31.12.2020	31.12.2019
Gains from Investment Activities		
Gains on Sale of Property, Plant and Equipment	155.540	276.735
Gain on Appreciation of Investment Properties	-	-
Gain on Sale of Investment Properties	-	6.950.000
Gain on Sale of Securities	-	33.935
Total	155.540	7.260.670

The Company's Losses from Investment Activities for the periods are as follows:

	01.01.2020	01.01.2019
	31.12.2020	31.12.2019
Losses from Investment Activities		
Loss on Sale of Property, Plant and Equipment	-	-
Loss on Sale of Securities	(825.705)	-
Total	(825.705)	-

NOTE 33 FINANCIAL INCOME / EXPENSE

The Financial Income/(Expense) of the Company as of 31 December 2020 and 2019, are as follows:

	01.01.2020	01.01.2019
Financial Income	31.12.2020	31.12.2019
Interest Income	950.989	412.856
Foreign Exchange Gains	4.875.128	145.630
Total	5.826.117	558.486
	01.01.2020	01.01.2019
Financial Expenses	31.12.2020	31.12.2019
Interest Expense	(1.614.848)	(12.772.066)
Foreign Exchange Losses	(2.550.276)	(591.554)
Other	(966.686)	(319.511)
Total	(5.131.810)	(13.683.131)

NOTE 34 ASSETS HELD FOR SALE

As of 31 December 2020 and 2019, the Company has no assets held for sale.

NOTE 35 INCOME TAX

The Company's tax expense (or income) consists of current period corporate income tax expense and deferred tax expense or income.

	01.01.2020	01.01.2019
Account Name	31.12.2020	31.12.2019
Current Income Tax Expense (-)	(4.716.559)	(6.218.816)
Deferred Tax Income/(Expense)	1.587.383	2.702.274
Total Tax Income/(Expense)	(3.129.176)	(3.516.542)

i) Current Period Statutory Tax Provision

Advance tax in Turkey is calculated and accrued on a quarterly basis. Accordingly, during the taxation of the Company's earnings in 2020 and 2019, the Company has calculated advance tax at the rate of 22% for 2020 and 2019.

Account Name	31.12.2020	31.12.2019
Tax Provision	4.716.559	6.218.816
Prepaid Taxes	(2.537.745)	(3.028.338)
Current Income Tax Liabilities	2.178.814	3.190.478

According to Turkish Corporate Tax Law, losses can be carried forward to offset the future taxable income for a maximum period of 5 years. On the other hand, such losses cannot be carried back to offset prior years income.

Pursuant to Article 24 of the Corporate Tax Law No. 5520, the corporate tax return is levied upon the declaration of the taxpayer. There is no clear and definitive agreement on tax assessment procedures in Turkey. Pursuant to Article 25 of the Corporate Tax Law No. 5520, corporations prepare and declare their tax returns from the first day of the fourth month to the evening of the twenty-fifth day of the fourth month following the end of the accounting period for their annual earnings. It is possible to carry out an inspection by the Tax Administration within the 5-year statute of limitations starting from the following accounting period.

Corporate Tax rate applied in Turkey is 20%. In accordance with the "Law on the Amendment of Certain Tax Acts and Some Other Laws" numbered 7061 and published in Official Gazette on 5 December 2017; the corporate tax rate for the years 2018, 2019 and 2020 has been increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of 31 December 2019 are calculated with 22% tax rate for the temporary differences that will be realised in 2019 and 2020; and with 20% tax rate for the temporary differences that will be realised after 2021 and onwards. (for the accounting periods starting within the related year for the institutions designated as special accounting period). This amendment is effective for taxation for periods beginning on 1 January 2018.

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The reconciliation of tax provisions as at the end of the periods is as follows:

	01.01.2020	01.01.2019
	31.12.2020	31.12.2019
Operating Profit/Loss on Legal Records	23.035.467	40.391.004
Tax Base Additions	299.429	52.756.117
Non Tax Deductible Expenses	299.429	52.756.117
-Share Premiums	-	52.055.644
-Other	-	700.473
Tax Base Discounts (-)	-	(64.879.775)
Financial Profit/Loss on Legal Records	23.334.896	28.267.346

Income Withholding Tax:

In addition to the corporate tax, it is required to calculate income tax withholding on any dividends, except for those distributed to all taxpayer entities and Turkish branches of foreign companies gaining dividend for such distribution and declaring these dividends within the corporate profit. The rate of income withholding tax implemented as 10% between 24 April 2003 and 22 July 2006. The rate of withholding tax has been increased from 10% to 15% upon the Cabinet decision No: 2006/10731, which was published in Official Gazette on July 23, 2006. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

In accordance with the Presidential Decision numbered 2813 published in the Official Gazette dated 31 July 2020, the income and corporate tax withholding rate on some lease payments has been determined as 10% until 31.12.2020.

ii) Deferred Tax:

The Company's tax basis with the statutory financial statements prepared in accordance with Turkish Financial Reporting Standards arising from differences between the financial statements for temporary differences and deferred tax assets and liabilities are accounted for published by POA. These differences usually result in the recognition of revenue and expenses in different reporting periods for tax purposes and for the purposes of the POA and disclosed below.

Temporary differences are result of recognizing certain income and expense items differently for accounting and tax purposes. Temporary differences are calculated off of the tangible assets (except land), intangible assets, inventories, the revaluation of prepaid expenses, discount of receivables, provision for severance payments, and prior years losses. Every accounting year, the Company reviews the deferred tax asset and in circumstances, where the deferred tax assets cannot be used against the future taxable income, the Company writes-off the recognized deferred tax asset. Corporate tax rate is used in the calculation of deferred taxes.

The breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using principal tax rates are as follows:

	Cumulative Temporary Differences		Deferred Tax	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Property, Plant and Equipment and Intangible Assets	(157.000)	903.824	34.540	198.841
Rediscount Expenses	(5.531.492)	2.639.181	1.216.928	580.620
Valuation Difference on Notes Payable	1.714.652	836.227	(377.223)	(183.970)
Inventories	6.149.113	11.099.195	(1.352.805)	(2.441.823)
Provision Employment Termination Benefits	(579.169)	415.555	127.417	91.422
Provision for Doubtful Receivables	(709.734)	815.748	156.141	179.465
Provision for Loan Interests	11.229	49.401	(2.470)	(10.868)
Time Deposits TFRS 9	-	2.447	-	540
Leases (TFRS 16)	(548.078)	302.795	120.577	66.615
Derivative Instruments	(816.947)	-	179.728	-
Deferred Tax Assets / (Liabilities), Net			102.834	(1.519.158)

	01.01.2020	01.01.2019
	31.12.2020	31.12.2019
Deferred Tax Asset/(Liabilities) at Beginning of the Period (Net)	(1.519.158)	(4.233.959)
Prior Period TFRS 9 Effect	-	-
Deferred Tax Liabilities Offset in Equity	34.610	12.525
Deferred Tax Income / (Expense)	1.587.383	2.702.276
Deferred Tax Assets/(Liabilities) at the End of the Period	102.834	(1.519.158)

The reconciliation of the tax provisions for the ends of the periods are as follows:

	01.01.2020 31.12.2020	01.01.2019 31.12.2019
Reconciliation of Tax Provision		
Profit/Loss Before Tax	15.790.622	21.534.481
Corporate Tax Rate %22	(3.473.937)	(4.737.586)
Tax Effect:		
- Tax Free Income	644.190	12.827.390
- Increase in Value of Investment Properties	-	-
- Non Tax Deductible Expenses	(299.429)	(11.606.346)
Tax Provision Expense in the Income Statement	(3.129.176)	(3.516.542)

NOTE 36 EARNINGS PER SHARE

Earnings/Losses per share amounts for the periods are calculated is as follows:

	01.01.2020 31.12.2020	01.01.2019 31.12.2019
Earnings Per Share		
Profit/(Loss) for the Period	12.661.446	18.017.939
Weighted Average Number of Shares	57.627.041	30.710.575
Earnings /(Losses) Per Share	0,2197	0,5867

NOTE 37 RELATED PARTY DISCLOSURES

a) Related parties balances are as follows:

None. (31.12.2019 None.)

b) Related parties transactions are as follows:

As of 31 December 2020 and 31 December 2019, purchases from related parties are as follows;

31.12.2020

Purchases

Related Parties	Goods	Interest	Rent	Service	Total
Shareholders	-	-	1.287.500	-	1.287.500
Sky Fuarçılık A.Ş.	18.000	-	-	155.450	173.450
Total	18.000	-	1.287.500	155.450	1.460.950

Sales

None.

31.12.2019

As of 31 December 2019, the Company does not have related parties transactions.

Total Key Management Compensation

As of 31 December 2020, the total amount of key management compensation is TL 978.547. (31 December 2019: TL 467.509)

NOTE 38 THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Financial Instruments and Financial Risk Management

Financial Risk Management

The Company is exposed to variety of financial risks due to its operations. These risks include credit risk, market risk (foreign exchange risk, interest rate risk and commodity price risk) and liquidity risk. The Company's overall risk management strategy focuses on the unpredictability of financial markets and targets to minimise potential adverse effects on the Company's financial

performance. The Company also has financial instruments such as trade receivables and trade payables that arise directly from its operations.

The risk arising from the financial instruments used is foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Company management manages these risks as follows. The Company also monitors the market risk that may arise from the use of financial instruments.

Foreign Exchange Risk

The difference between the foreign currency denominated and foreign currency indexed assets and liabilities for USD and EURP of the Company are defined as the "Net foreign currency position" and it is the basis of the currency risk. Another important dimension of the currency risk exposure is the transactions of the Company. These risks arise from the Company's purchase and sale of goods and services in a foreign currency.

The Company's exposure to foreign exchange risk arises from its loans and finance lease liabilities. In order to minimize this risk, the Company monitors its financial position and cash inflows / outflows with detailed cash flow statements.

The foreign exchange position of the Company as of 31 December 2020 and 2019 is presented below:

Foreign Exchange Position Table						
	31.12.2020			31.12.2019		
	TL Equivalent	USD	EURO	TL Equivalent	USD	EURO
1. Trade Receivables	13.489	1.838	-	-	-	-
2a. Monetary Financial Assets	632.037	21.741	52.448	1.194.174	71.419	115.768
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	-	-	-	-	-	-
4. Total Current Assets (1+2+3)	645.526	23.578	52.448	1.194.174	71.419	115.768
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Total Non Current Assets(5+6+7)	-	-	-	-	-	-
9. Total Assets (4+8)	645.526	23.578	52.448	1.194.174	71.419	115.768
10. Trade Payables	26.435.725	2.105.203	1.219.206	6.116.697	738.691	259.935
11. Financial Liabilities	-	-	-	-	-	-
12a. Other Monetary Liabilities	-	-	-	-	-	-
12b. Other Non- Monetary Liabilities	-	-	-	-	-	-
13. Total Short-Term Liabilities (10+11+12)	26.435.725	2.105.203	1.219.206	6.116.697	738.691	259.935
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-
16a. Other Monetary Liabilities	-	-	-	39.177-	-	-
16b. Other Non- Monetary Liabilities	-	-	-	-	-	-
17. Total Long-Term Liabilities (14+15+16)	-	-	-	-	-	-
18. Total Liabilities (13+17)	26.435.725	2.105.203	1.219.206	6.116.697	738.691	259.935
19. Off-Balance Sheet Derivative Instruments Net Asset / (Liability) Position (19a-19b)						
19a. Total Asset Amount of Hedged	-	-	-	-	-	-
19b. Total Liabilities Amount of Hedged	-	-	-	-	-	-
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	(25.790.199)	(2.081.625)	(1.166.757)	(4.922.523)	(667.272)	(144.167)
21. Monetary Items Net Foreign Exchange Asset / (Liabilities) Position (1+2a+3+5+6a-10-11-12a-14-15-16a)	(25.790.199)	(2.081.625)	(1.166.757)	(4.922.523)	(667.272)	(144.167)
22. Total Fair Value of Financial Instruments Used for Foreign Exchange Hedge	-	-	-	-	-	-
23. Foreign Exchange Hedged Portion Amount of Assets	-	-	-	-	-	-
24. Foreign Exchange Hedged Portion Amount of Liabilities	-	-	-	-	-	-
25. Export	3.700.138,00	-	315.253	104.910	-	16.103
26. Import	62.793.641	7.855.880	1.298.370	74.034.709	10.616.015	2.012.174

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The table below shows the position in which the net foreign exchange position of the Company's balance sheet will be reached by the changes in the exchange rates.

Exchange Rate Sensitivity Analysis Table		
31.12.2020		
	Profit / Loss	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency
The impact of 10% USD increase in income statement		
1- USD Net Asset / Liability	(1.528.017)	1.528.017
2- Hedged portion of USD Risk (-)	-	-
3- USD Net Effect (1+2)	(1.528.017)	1.528.017
The impact of 10% EURO increase in income statement		
4- EURO Net Asset / Liability	(1.051.003)	1.051.003
5- Hedged portion of Euro Risk (-)	-	-
6- EURO Net Effect (4+5)	(1.051.003)	1.051.003
TOTAL	(2.579.020)	2.579.020

Exchange Rate Sensitivity Analysis Table		
31.12.2019		
	Profit / Loss	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency
The impact of 10% USD increase in income statement		
1- USD Net Asset / Liability	(396.373)	396.373
2- Hedged portion of USD Risk (-)	-	-
3- USD Net Effect (1+2)	(396.373)	396.373
The impact of 10% EURO increase in income statement		
4- EURO Net Asset / Liability	(95.880)	95.880
5- Hedged portion of Euro Risk (-)	-	-
6- EURO Net Effect (4+5)	(95.880)	95.880
TOTAL	(492.252)	492.252

On Total;		
	31.12.2020 (TL Tutarı)	31.12.2019 (TL Tutarı)
A. Foreign Currency Assets	632.037	1.194.174
B. Foreign Currency Liabilities	26.435.725	(6.116.697)
Net Foreign Currency (A+B)	(2.579.020)	(4.922.523)

Credit Risk

Credit risk is the risk that the other party will incur a financial loss as a result of the failure of a party to fulfill its obligation with respect to a financial instrument. The Company tries to manage the credit risk by limiting the transactions with certain parties and continuously evaluating the reliability of the related parties. Total credit risk of the Company is shown in the balance sheet.

Credit risk concentration is related to the fact that certain companies operate in similar business areas and are located in the same geographical region or that changes in economic, political and other conditions may affect their contractual obligations under similar economic conditions. Concentration of credit risk indicates the sensitivity of the Company's performance to developments affecting a particular sector or geographic region.

The Company tries to manage its credit risk, sales and service activities by avoiding unwanted concentration on individuals or companies in the sector or region in its new field of activity.

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The Company insuring its trade receivables within the borders of Turkey with Euler Hermes Sigorta A.Ş. and credit insurance policy in detail explained below.

In addition, the Company has letters of guarantee and receivables obtained within the scope of Government Debt Securities

Liquidity Risk

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid markets. In the framework of liquidity risk management, funding sources are being diversified and sufficient cash and cash equivalents are held. In order to meet instant cash necessities it is ensured that the level of cash and cash equivalent assets does not fall below a predetermined portion of the short term liabilities.

Undiscounted contractual cash flows of the financial liabilities as of 31 December 2020 and 2019 are as follows:

	Book Value	Total Cash Outflows	1-3 months	3-12 months	1-5 years
Financial Liabilities	4.140.849	4.642.494	4.128.669	348.788	165.037
Finance Lease Liabilities	4.796.999	7.896.656	488.541	1.465.623	5.942.492
Trade Payables	44.542.092	46.256.744	46.256.744	-	-
Other Payables	522.574	522.574	522.574	-	-
Total	54.002.514	59.318.468	51.396.528	1.814.411	6.107.529

	Book Value	Total Contractual Cash Outflows	Demand or up to 3 months	3-12 months	1-5 years	5 years and over
Financial Liabilities	(816.947)	(877.520)	(877.520)	-	-	-
Derivative Instruments						
Cash Inflows	9.142.080	9.142.080	9.142.080	-	-	-
Derivative Instruments						
Cash Outflows	(9.959.027)	(10.019.600)	(10.019.600)	-	-	-

(*) Forward transactions include USD 1.000.000. The liability calculated as derivative instruments cash outflows are calculated by taking into account the exchange rates at the prevailing date. Derivative instruments cash inflows are calculated by considering the exchange rate of 31 December 2020. The realized profit or loss will be determined at the date of maturity.

31.12.2019

	Book Value	Total Cash Outflows	1-3 months	3-12 months	1-5 years
Financial Liabilities	16.913.521	18.406.923	7.201.231	6.101.810	5.103.882
Finance Lease Liabilities	3.154.398	5.735.400	286.770	860.310	4.588.320
Trade Payables	41.681.997	42.518.224	42.518.224	-	-
Other Payables	47.394	47.394	47.394	-	-
Total	61.797.310	66.707.941	50.053.619	6.962.120	9.692.202

Interest Risk

The Company is exposed to interest rate risk arising from the rate changes on interest-bearing liabilities and assets. The Company manages this risk by balancing the repricing terms of interest-bearing assets and liabilities with fixed-floating interest and short-long term nature of borrowings as well as using derivative instruments for hedging purposes.

The weighted average effective annual interest rates (%) for the financial assets and liabilities outstanding as of 31 December 2020 and 2019 are as follows:

Fixed Interest Rate Financial Instruments	31.12.2020	31.12.2019
Financial Assets	-	-
Financial Liabilities	8.937.848	20.067.919
Floating Interest Rate Financial Instruments	31.12.2020	31.12.2019
Financial Assets	-	-
Financial Liabilities	-	-

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Price Risk

Price risk consists of exchange rate, interest rate and market risk. The Company manages these risks by balancing its foreign exchange receivables and payables and interest bearing assets and liabilities. Market risk is closely monitored by the Company management through available market information and appropriate valuation methods.

Capital Risk Management

The Company's main objectives for capital management are to keep the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may decide on the amount of dividends paid to shareholders, issue of new shares or sell assets to decrease net financial debt.

The Company's overall strategy does not differ from the prior period.

Net financial debt/total equity ratio as of 31 December 2020 and 2019 is as follows:

	31.12.2020	31.12.2019
Total Borrowings	69.411.317	67.516.126
Less: Cash and Cash Equivalents	(1.170.699)	(33.782.770)
Net Financial Debt	68.240.618	33.733.356
Total Capital	153.984.869	141.060.188
Equity	174.793.544	174.793.544
Net financial debt/total equity multiplier	0,390	0,193

Current Value

Current value refers to the price at which an asset is traded between willing parties in a current transaction. Financial assets and liabilities denominated in foreign exchanges have been translated at the exchange rates prevailing at the balance sheet date.

The following methods and assumptions are used to estimate the fair value of each financial instrument for which it is practicable to estimate fair value.

Financial Assets

The carrying values of cash and cash equivalents, accrued interests and other financial assets are considered to approximate their respective carrying values due to their short-term nature and insignificant credit risk. The carrying values of trade receivables after deduction of provision for doubtful receivables are considered to approximate their respective carrying values.

Financial Liabilities

The fair values of trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. Bank loans are stated at their discounted costs and transaction costs are added to the initial costs of the loans. Since the interest rates on these loans are updated considering the changing market conditions, the fair values of the loans are considered to represent the carrying values. The fair values of trade payables are considered to approximate their carrying values due to their short-term nature.

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NOTE 39 FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON FINANCIAL HEDGING ACCOUNTING)

31.12.2020	Notes	Other Financial Assets at Amortised Value	Loans and Receivables	Financial Assets at Fair Value Through Profit or Loss	Other Financial Liabilities at Amortised Value	Book Value	Fair Value
Financial Assets		1.170.699	92.660.137	-	-	93.830.836	93.830.836
Cash and Cash Equivalents	6	1.170.699	-	-	-	1.170.699	1.170.699
Trade Receivables	10	-	92.660.137	-	-	92.660.137	92.660.137
Financial Investments	7	-	-	-	-	-	-
Financial Liabilities		-	44.542.092	-	8.937.848	53.479.940	53.479.940
Financial Payables	8	-	-	-	8.937.848	8.937.848	8.937.848
Trade Payables	10	-	44.542.092	-	-	44.542.092	44.542.092
Other Financial Liabilities	9	-	-	-	-	-	-
31.12.2019							
Financial Assets		33.782.770	80.415.040	-	-	114.197.810	114.197.810
Cash and Cash Equivalents	6	33.782.770	-	-	-	33.782.770	33.782.770
Trade Receivables	10	-	80.415.040	-	-	80.415.040	80.415.040
Financial Investments	7	-	-	-	-	-	-
Financial Liabilities		-	41.681.997	-	20.067.919	61.749.916	61.749.916
Financial Payables	8	-	-	-	20.067.919	20.067.919	20.067.919
Trade Payables	10	-	41.681.997	-	-	41.681.997	41.681.997
Other Financial Liabilities	9	-	-	-	-	-	-

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Current value, in transactions between knowledgeable and willing parties, in accordance with market conditions, is the value at which an asset may be exchanged or a liability may be settled.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Consequently, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current transaction.

Financial Assets

Carrying values of significant portion of cash and cash equivalents and other financial assets are assumed to reflect their fair values due to their short-term nature.

NOTE 40 EVENTS AFTER THE BALANCE SHEET DATE

The Company's paid in share capital amounting to TL 86.620.000,00 has been increased by TL 38.380.000,00 to total amount of TL 125.000.000,00 which include share premium TL 8.745.644,42, special funds TL 12.822.895,85 and retained earnings TL 16.811.459,73. The principal shareholders and their respective shareholding rates in Yükselen Çelik are as follows:

Name-Surname of Shareholder/ Corporate Title	Shareholding Amount (TL)	Shareholding Rate (%)	Percentage of Ownership Interest (%)
Yüksel Göktürk	41.426.632,48	33,14	49,68
Barış Göktürk	26.408.450,01	21,13	40,13
Burak Göktürk	17.605.633,34	14,08	3,73
Other	39.559.284,17	31,65	6,46
Total	125.000.000	100	100

Since the issued capital of the Company amounting TL 125.000.000, specified in the Articles of Association ("the Articles"), in accordance with Article 6, the capital of the Company has reached the registered capital ceiling of TL 152.500.000, in order to increase the registered capital ceiling from TL 152.500.000 to TL 600.000.000 and to extend the registered capital ceiling period for another 5 years to be valid between 2021-2025, the Article 6 article was decided to be amended for the Company's Articles of Association "Capital and the Transfer of Shares" and in accordance with Article 8 "Board of Directors and Period" of the Company's Articles of Association based on the CMB's "Communiqué on Corporate Governance" numbered II-17.1 and Article 378 of the "TCC" due to the need to increase the number of Board members related to future periods in line with the growth strategy of the Company, the application we made to the Capital Markets Board on 25.01.2021 for these amendments in order to comply with the Article was concluded as positive outcome on 28.01.2021

NOTE 41 THE OTHER MATTERS WHICH SUBSTANTIALLY AFFECT THE FINANCIAL STATEMENTS OR ARE REQUIRED TO BE DESCRIBED IN TERMS OF MAKING THE FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE

None.