

YÜKSELEN ÇELİK A.Ş.

FINANCIAL STATEMENTS AND FOOTNOTES
AS OF SEPTEMBER 30, 2022

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YÜKSELEN ÇELİK ANONİM ŞİRKETİ

AS OF SEPTEMBER 30, 2022 UNAUDITED FINANCIAL POSITION STATEMENT (BALANCE SHEET)

(Amounts expressed in Thousand Turkish Liras (TRY) unless otherwise indicated.)

	Notes	Current Period 30.09.2022 TRY	Prior Period 31.12.2021 TRY
ASSETS		1.093.824.947	539.970.446
CURRENT ASSETS		1.036.433.393	502.734.732
Cash and Cash Equivalents	53	33.760.811	1.722.654
Financial Investments	47	429	19.050
Trade Receivables		472.822.044	318.037.621
- Trade Receivables From Related		128.820	--
- Other Trade Receivables	7	472.693.224	318.037.621
Other Receivables		2.422.127	35.747
- Other Receivables	9	2.422.127	35.747
Derivative Instruments	46	80.561	314.706
Inventories	10	301.921.574	132.462.586
Prepaid Expenses		174.005.883	50.062.968
- Other Prepaid Expenses		174.005.883	50.062.968
Current Tax Assets		33.289.523	--
Other Current Assets	29	18.130.441	79.400
Subtotal		1.036.433.393	502.734.732
Total Current Assets		1.036.433.393	502.734.732
NON-CURRENT ASSETS		57.391.554	37.235.714
Investments in Affiliates, Shareholders and Subsidiaries		13.402	--
Tangible Assets	14	49.833.525	33.030.984
Right-of-Use Assets	20	7.264.046	3.866.377
Intangible Assets	17	280.581	231.058
- Other Intangible Assets	17	280.581	231.058
Prepaid Expenses		--	107.295
- Other Prepaid Expenses	12	--	107.295
Total Non-Current Assets		57.391.554	37.235.714
TOTAL ASSETS		1.093.824.947	539.970.446

The accompanying accounting policies and notes from an integral part of these financial statements.

YÜKSELEN ÇELİK ANONİM ŞİRKETİ

AS OF SEPTEMBER 30, 2022 UNAUDITED FINANCIAL POSITION STATEMENT (BALANCE SHEET)

(Amounts expressed in Thousand Turkish Liras (TRY) unless otherwise indicated.)

	Notes	Current Period 30.09.2022 TRY	Prior Period 31.12.2021 TRY
LIABILITIES		1.093.824.947	539.970.446
Short-Term Liabilities		685.036.285	234.473.563
Short-Term Borrowings		291.165.115	110.150.577
- Other Short Term Borrowings	47	291.165.115	110.150.577
Short Term Portion of Long Term Borrowings		244.229.177	16.328.592
- Other Short Term Portion of Long Term Borrowings	47	244.229.177	16.328.592
Trade Payables		101.396.540	83.069.441
- Other Trade Payables	7	101.396.540	83.069.441
Liabilities Under Employee Benefits	27	1.002.350	496.215
Deferred Income		10.680.094	6.620.831
- Other Deferred Income	12	10.680.094	6.620.831
Tax liabilities for The Period Profit	40	34.575.566	11.731.117
Short-Term Provisions		143.044	--
- Short-Term Provisions for Employee Benefits	25	143.044	--
Other Short-Term Liabilities		1.844.399	6.076.790
Subtotal		685.036.285	234.473.563
Total Short-Term Liabilities		685.036.285	234.473.563
Long-Term Liabilities		39.952.424	38.239.976
Long-Term Borrowings		27.504.976	24.632.400
- Other Long Term Debts	47	27.504.976	24.632.400
Long Term Provisions		947.601	576.547
- Long-Term Provisions for Employee Benefits	25	947.601	576.547
Deferred Tax Liabilities		11.499.847	13.031.029
Total Long-Term Liabilities		39.952.424	38.239.976
SHEOLDERS' EQUITY		368.836.238	267.256.907
Parent Company Shareholder's Equity		368.836.238	267.256.907
Paid in Capital	30	125.000.000	125.000.000
Accumulated Other Comprehensive Income/(Expenses) That will Not Be Classified In Profit Or Loss Statement	30	(145.476)	(110.543)
- Revaluation and Measurement Gains (Losses)	30	(145.476)	(110.543)
- Defined Benefit Plans Remeasurement Gains (Losses)		(145.476)	--
Reserves on Retained Earnings	30	6.949.596	4.227.673
Accumulated Profit/Losses	30	114.417.854	28.998.589
Net Profit/Loss for The Period		122.614.264	109.141.188
Total Equity		368.836.238	267.256.907
TOTAL EQUITY AND LIABILITIES		1.093.824.947	539.970.446

The accompanying accounting policies and notes from an integral part of these financial statements.

YÜKSELEN ÇELİK ANONİM ŞİRKETİ
STATEMENT OF INCOME STATEMENT FOR THE PERIOD BETWEEN JANUARY 1 – SEPTEMBER 30 2022

(Amounts expressed in Turkish Lira (*TRY*) unless otherwise indicated).

		Current	Current	Prior	Prior
		Period	Period	Period	Period
		1.01.2022	1.07.2022	1.01.2021	1.07.2021
		30.09.2022	30.09.2022	30.09.2021	30.09.2021
	Note	TRY	TRY	TRY	TRY
Revenue	31	1.081.539.318	319.597.595	397.064.702	157.331.002
Cost of Sales (-)	31	(834.582.566)	(295.875.401)	(300.235.120)	(114.246.066)
GROSS PROFIT/LOSS		246.956.752	23.722.194	96.829.582	43.084.936
General Administrative Expenses (-)	28,33	(13.255.271)	(3.927.864)	(7.058.921)	(2.520.839)
Marketing Expenses (-)	28,33	(34.994.842)	(9.649.346)	(8.736.297)	(3.559.979)
Other Income from Operations	34	50.727.608	18.246.285	14.714.344	2.906.331
Other Expenses from Operations (-)	34	(24.096.293)	3.931.750	(9.394.772)	(4.037.570)
OPERATING PROFIT/LOSS		225.337.954	32.323.019	86.353.936	35.872.879
Income from Investing Activities	35	170.000	170.000	99.638	51.840
Loss for implementing TFRS 9		(1.085.578)	(66.634)	--	--
OPERATING PROFIT/LOSS BEFORE FINANCIAL INCOME/EXPENSES		224.422.376	32.426.385	86.453.574	35.924.719
Financial Income	37	3.059.182	442.128	1.789.475	72.014
Financial Expenses (-)	37	(71.814.179)	(27.532.365)	(14.707.831)	(6.893.680)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		155.667.379	5.336.148	73.535.218	29.103.053
Continuing Operations Tax Income/(Expense)		(33.053.115)	(1.605.910)	(20.606.334)	(7.885.094)
-Tax Income/(Expense) for The Period	40	(34.575.566)	(1.291.593)	(12.257.756)	(5.955.138)
-Deferred Tax Income /(Expense)	40	1.522.451	(314.317)	(8.348.578)	(1.929.956)
PROFIT/(LOSS) CONTINUING OPERATIONS FOR THE PERIOD		122.614.264	3.730.238	52.928.884	21.217.959
PROFIT/(LOSS) FOR THE PERIOD		122.614.264	3.730.238	52.928.884	21.217.959
Profit (Loss) for The Period Distribution		122.614.264	3.730.238	52.928.884	21.217.959
-Parent Company Shares	41	122.614.264	3.730.238	52.928.884	21.217.959
Earnings Per Share		0,98	0,03	0,42	0,17
-Earnings Per Share from Continuing Operations		0,98	0,03	0,42	0,17
PROFIT/(LOSS) FOR THE PERIOD		122.614.264	3.730.238	52.928.884	21.217.959
OTHER COMPREHENSIVE INCOME		45.628	263.935	109.632	(16.902)
Items that will not be reclassified subsequently to profit or loss		(34.933)	183.374	109.632	(16.902)
Defined Benefit Plans Re-Measurement Gains (Losses)		(43.666)	229.217	137.040	(21.128)
Taxes Which Will Not Be Reclassified in Profit or Loss, Related to Other Comprehensive Income		8.733	(45.843)	(27.408)	4.226
-Defined Benefit Plans Re-Measurement Gains (Losses), Tax Effect		8.733	(45.843)	(27.408)	4.226
Reclassify as Profit or Loss		--	--	--	--
OTHER COMPREHENSIVE INCOME		(34.933)	183.374	109.632	(16.902)
TOTAL COMPREHENSIVE INCOME (EXPENSES)		122.579.331	3.913.612	53.038.516	21.201.057
Distribution of the Total Comprehensive Income (Expenses)		--	--	--	--
-Minority Interest		--	--	--	--
-Parent Company Shares		122.579.331	3.913.612	53.038.516	21.201.057

The accompanying accounting policies and notes from an integral part of these financial statements.

YÜKSELEN ÇELİK ANONİM ŞİRKETİ

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD BETWEEN JANUARY 1 – SEPTEMBER 30 2022

(Amounts expressed in Turkish Lira (*TRY*) unless otherwise indicated).

				Accumulated Other Comprehensive Income/(Expenses) That Will Not Be Reclassified In Profit Or Loss Statement						
				Revaluation and Measurement Gain / Losses		Accumulated Profit				
	Notes	Paid in Capital	Repurchased Shares (-)	Defined Plans Measurement (Losses)	Benefit Re-Measurement Gains	Reserves on Retained Earnings	Profits / Losses of Previous Years	Net Profit/Loss for The Period	Parent Shareholders' Equity	Total Equity
Current Period										
Balances as of 01.01.2022 (beginning of the period)		125.000.000	--		(110.543)	4.227.673	28.998.589	109.141.188	267.256.907	267.256.907
Balance After Adjustments		125.000.000	--		(110.543)	4.227.673	28.998.589	109.141.188	267.256.907	267.256.907
Transfers	30	--	--		--	2.721.923	106.419.265	(109.141.188)	--	--
Total Comprehensive Income (Expense)	30	--	--		(34.933)		--	122.614.264	122.579.331	122.579.331
- Profit/(Loss) For the Period	30	--	--		--	--	--	122.614.264	122.614.264	122.614.264
- Other Comprehensive Income (Expense)		--	--		(34.933)		--	--	(34.933)	(34.933)
Dividends		--	--		--	--	(21.000.000)	--	(21.000.000)	(21.000.000)
Increase (Decrease) Due to Other Changes		--	--		--	--	--	--	--	--
Balances as of 30.09.2022 (end of period)		125.000.000	--	-	145.476	6.949.596	114.417.854	122.614.264	368.836.238	368.836.238
Prior Period										
Balances as of 01.01.2021 (beginning of the period)		125.000.000	(2.305.632)		(240.843)	2.395.783	16.474.115	12.661.446	--	153.984.869
Balance After Adjustments		--	--		--	--	--	--	--	--
Transfers	30	--	--		--	915.945	11.745.501	(12.661.446)	--	--
Dividens		-	-		-	-	(4.300.000)	-	-	(4.300.000)
Total Comprehensive Income (Expense)	30	-	-		109.632		-	52.928.884	-	53.038.516
- Profit/(Loss) For the Period)	30	-	-		-	-	-	52.928.884	-	52.928.884
- Other Comprehensive Income (Expense)		-	-		109.632	-	-	-	-	109.632
Increase/decrease due to repurchased shares		--	2.305.632		--	--	5.994.918	--	--	8.300.550
Balances as of 30.09.2021 (end of period)		125.000.000	-		(131.211)	3.311.728	29.914.534	52.928.884	--	211.023.935

The accompanying accounting policies and notes from an integral part of these financial statements.

YÜKSELEN ÇELİK ANONİM ŞİRKETİ
NOTES TO FINANCIAL STATEMENTS, FOR THE PERIOD BETWEEN JANUARY 1 – SEPTEMBER 30 2022

(Amounts expressed in Turkish Lira (*TRY*) unless otherwise indicated).

		Current Period 01.01.2022 30.09.2022 TRY	Prior Period 01.01.2021 30.09.2021 TRY
	Notes		
A.CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		(286.045.435)	(93.321.349)
Profits (Losses) for The Period (+/-)		122.614.264	52.928.884
- Profit (Loss) from Continuing Operations	41	122.614.264	52.928.884
Net Profit (Loss) Reconciliation Related Adjustments		55.640.036	36.114.499
Adjustments for Depreciation and Amortization	14,17,20	4.930.892	3.172.869
Adjustments for Impairment (Reversal) (+/-)		1.085.578	323.443
- Adjustments for Impairment (Reversal) on Receivables	33	1.085.578	323.443
Adjustments for Provisions (+/-)		479.166	120.190
- Adjustments for Provisions for Employee Benefits (Reversal)	25	479.166	120.190
Adjustments for Interest Income and Expenses (+/-)		83.965.105	11.891.663
- Adjustments for Interest Income	34	(813.654)	(136.213)
- Adjustments for Interest expenses	34	65.161.520	12.508.381
- Deferred Financing Costs Arising from The Term Purchase	34	(1.967.152)	(480.505)
- Unearned Finance Income Arising from Forward Sales	34	21.584.391	-
Adjustments for Tax Revenue/Expenditure	40	(34.820.705)	20.606.334
Changes in Working Capital		(443.299.735)	(173.880.882)
Decrease (Increase) in Financial Investments		18.621	(3.688.114)
Adjustments for Increase/Decrease in Trade Receivables		(177.454.393)	(126.773.035)
-Increase/Decrease in Trade Receivables from Related Parties		(128.820)	--
-Increase/Decrease in Trade Receivables from Unrelated Parties	7	(177.325.573)	(126.773.035)
Adjustments for Increase/Decrease in Other Receivables Related with Activities		(2.386.380)	(16.817)
-Increase/Decrease in Other Receivables Related with Activities from Unrelated Parties	9	(2.386.380)	(16.817)
Adjustments for Increase/Decrease in Derivative Assets		234.145	--
Adjustments for Increase/Decrease in Inventories	10	(169.458.988)	(50.965.688)
Increase/Decrease in Prepaid Expenses	12	(123.756.220)	--
Adjustments for Increase/Decrease in Trade Payables		20.294.251	8.860.585
- Increase/Decrease in Trade Payables to Unrelated Parties	7	20.294.251	8.860.585
Increase/Decrease in Payables as Part of Employee Benefits	27	506.135	703.532
Adjustments for Increase/Decrease in Other Payables Related with Activities		--	(522.582)
- Increase (Decrease) in Other Operational Payables to Unrelated Parties	9	--	(522.582)
Increase (Decrease) in Deferred Income (Excluding Payables Arising From Customer Contracts)	12	4.059.263	12.263
Adjustments for Other Increase (Decrease) in Working Capital		4.643.830	(1.491.026)
-Decrease (Increase) in Other Assets Related to Activities		(13.973.694)	--
-Increase (Decrease) in Other Liabilities Related to Activities		18.617.524	(1.491.026)
The Cash Flow Generated from Operations (+/-)		(265.045.435)	(84.837.499)
Cash Outflows from Participation (Profit) Share and Other Financial Instruments	40	(21.000.000)	--
Tax Refunds (Payments)		--	(8.483.850)
B. CASH FLOW FROM INVESTING ACTIVITIES		(23.150.399)	(21.001.358)
Cash Outflows Due to Subsidiaries and/or Joint Ventures Share Purchase or Capital Increase		(13.402)	--
Cash Outflows for Sales Tangible and Intangible Assets		2.382	--
- Cash Outflows for Sales Tangible Assets	14	2.382	--
Cash Outflows for Purchasing Tangible and Intangible Assets		(23.953.033)	(21.137.571)
-Cash Outflows for Purchasing Tangible Asset	14	(23.916.146)	(21.137.571)
-Cash Outflows for Purchasing Intangible Assets	17	(36.887)	--
Interest Received		813.654	136.213
C. CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		341.233.991	114.322.004
Cash Outflows Resulting from Buying Its own Shares		--	8.300.550
-Cash Inflows from Sales of Repurchased Shares		--	8.300.550
Cash Inflows (Outflows) Resulted from Debts		1.919.127.024	214.076.602
- Cash Inflows (Outflows) from Bank Loans	47	1.919.127.024	214.076.602
Cash Outflows Related to Debt Payments		(1.507.339.325)	(109.759.817)
- Cash Outflows Related to Loan Repayments	47	(1.507.339.325)	(109.759.817)
Cash Outflows from Loan Payments Arising from Lease Agreements	20	(5.392.188)	(69.347)
Interest Paid	37	(65.161.520)	1.774.016
NET INCREASE/(DECREASE) CASH AND CASH EQUIVALENTS BEFORE FOREIGN CURRENCY		32.038.157	(703)
NET INCREASE/(DECREASE) CASH AND CASH EQUIVALENTS (A+B+C+D)		32.038.157	(703)
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	51	1.722.654	1.170.699
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (A+B+C+D+E)		33.760.811	1.169.996

The accompanying accounting policies and notes from an integral part of these financial statements.

NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS**General Information**

Yukselen Celik Anonim Sirketi ("the Company") was established on 20 March 1989 in Istanbul under the title of "Yukselen Celik Ticaret Limited Sirketi". The name of the Company, on Trade Registry Gazette, No. 8230 dated January 7, 2013, the trade title change has been made and Company has the title of Yukselen Celik Anonim Sirketi.

The Company's main area of activities are the manufacture 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 Osmangazi Mahallesi 2647 sokak No:40/1 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 Towers A Blok No:142 Çobançeşme E-5 Yanyol Bakırköy/İSTANBUL

As of September 30, 2022, the Company has 71 employees. (31 December 2021: 65)

As of September 30, 2022, and 31 December 2021, the capital and shareholding structure of the Company are as follows:

	September 30, 2022		December 31, 2021	
	Share Amount	Share Ratio	Share Amount	Share Ratio
Barış GÖKTÜRK	35.158.450	28,20%	35.158.450	28,20%
Yüksel GÖKTÜRK	32.623.238	26,10%	32.623.238	26,10%
Burak GÖKTÜRK	17.605.634	14,08%	17.605.634	14,08%
Ferhan GÖKTÜRK	2.640.845	2,11%	2.640.845	2,11%
Public	36.971.833	29,58%	36.971.833	29,58%
Total Capital	125.000.000	100%	125.000.000	100%

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1) Basis of Presentation

- **Applied financial reporting standards**

The company and its established subsidiaries in Turkey maintain and prepare their legal books and legal financial statements in accordance with the accounting principles set out by the Turkish Commercial Code ("TCC") and tax legislation. Subsidiaries operating in foreign countries prepare their accounting records and legal financial statements in currencies and in accordance with the legislation of those countries in which they operate.

The related financial statements are prepared in accordance with the provisions of the Capital Market Board "CMB") "Principles regarding Financial Reporting in the Capital Market" ("Communiqué") no. 14.1 of Series II, published in the Official Gazette dated September 13, 2013 and numbered 28676, and are prepared in accordance with the provisions of article 5 of the Communiqué. In accordance with the article, Turkey Account Standards ("TAS") enacted by the Public Oversight Accounting and Auditing Standards Authority ("POA") and its annexes and interpretations are based on them.

In addition, financial statements and footnotes are presented in accordance with the formats announced by the CMB with the announcement dated April 15, 2019.

Consolidation Basis

The Company are not subject to consolidation, The subsidiary of the Company abroad titles as "Rising Steel Inc." is inactive and stated in financial statements as its cost value.

- **Comparative Information and Adjustment Financial Statements of Previous Period**

The financial statements of the Company are prepared comparatively with the previous period in order to enable the determination of the financial situation and performance trends. When the presentation or classification of financial statement items changes, prior period financial statements are reclassified accordingly in order to ensure comparability. Accounting estimates are based on reliable information and reasonable estimation methods. However, estimates are reviewed as a result of changes in the conditions in which the forecast is made, the acquisition of new information or the emergence of additional developments. The impact of the change in accounting estimate is reflected in the financial statements in the current period of the change, in the period of the change, in the period of the change, in the period of the change, in the period of the change, and in the future, in the future and in the period of the change, to be taken into consideration in determining the profit or loss of the period. The quality and amount of a change in the accounting estimate, which has an impact on the current period activity outcome or is expected to have an impact on the subsequent periods, are explained in financial statements footnotes, except when there is no prediction of the impact on future periods. The financial statements of the Company are prepared comparatively with the previous period in order to enable the determination of the financial situation and performance trends.

For supplying comparative information, The Company reclassified its "personnel advance given" under prepaid expenses which was shown in "Other current asset" in prior period. The Company reclassified its "Loss from implementing TFRS9" under "expenses from investing activities" which is stated in "Other Expenses from Operations" .

- **Going Concern Assumption**

The financial statements are prepared on the basis of the continuity of the business under the assumption that the Company will benefit from its assets and fulfill its obligations in the next year and within the natural flow of its activities.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS(CONT.)

- **Functional and reporting currency**

Each item in the Company's financial statements is accounted for using the currency ("functional currency"), which is valid in the underlying economic environment in which the Company operates. Financial statements are presented using TRY, the company's functional and reporting currency.

- **Changes in Turkey Financial Reporting Standards**

POA published the TFRS 16 "Leases" standard in April 2018. The new standard eliminates the distinction between operating leases and finance leases, requiring many leases to be included on the balance sheet under a single model for lessee companies. Accounting for leasing companies has not changed significantly, and the difference between hiring and leasing is continuing. "TFRS 16" replaces the interpretations of "TAS 16" and "TAS 17" and is valid for annual accounting periods beginning on or after 1 January 2019.

Lessors have the exception that this standard does not apply to short-term leases (leases with a lease term of 12 months or less) or leases where the underlying asset is of low value (for example, personal computers, some office equipment, etc.). At the date of actual start of the lease, the tenant measures the rental obligation on the present value of the rent payments that have not been paid at that time (rental obligation) and, as of the same date, records the relevant right-to-use assets and subjects them to depreciation for the duration of the lease. Lease payments are discounted using that rate if the implied interest rate on the lease can be easily determined. The tenant uses the tenant's alternative borrowing interest rate if this rate cannot be easily determined. The lessee must separately record the interest expense on the lease liability and the depreciation expense of the right-of-use asset.

The tenant is required to re-measure the lease obligation in the event of certain events (e.g. changes in the lease period, changes in the prospective lease payments due to a specific index or change in rate, etc.). In this case, the tenant records the remeasurement effect of the lease obligation as a correction to the right of use asset.

In the event of changes and errors in accounting policies and accounting estimates, significant changes and significant accounting errors detected are applied retroactively and the previous period financial statements are revised. In case the changes made in the accounting policies affect the previous periods, the said policy is applied retrospectively in the financial statements as if it has always been in use. There has been no change in the Company's accounting policies.

Transition to TFRS 16:

The Company implemented TFRS 16 with a streamlined retrospective approach. The Company has previously chosen to apply this Standard to contracts it defines as leasing by implementing TMS 17 Leasing Transactions and TFRS Comment 4 Determination of Whether a Deal Contains a Leasing Transaction. For this reason, the Company has previously applied this Standard to contracts that it does not define as leasing according to TMS 17 and TFRS Comment 4. As of the transition date, the Company has benefited from the facilitating practices for rentals and low-value rentals whose leases expire in 12 months or less.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS(CONT.)

• **Changes in Turkey Financial Reporting Standards (CONT.)**

Right-of-use assets

The company recognizes right-of-use assets at the commencement date of the lease agreement (for example, as of the date the asset is available for use). Right-of-use assets are calculated at cost less accumulated depreciation and impairment losses. In case of revaluation of financial lease liabilities, this figure is also adjusted.

The cost of the right-of-use asset includes:

- (a) the first measurement of the lease liability,
- (b) the amount obtained by deducting all rental incentives received from all rent payments made on or before the actual start of the lease, and
- (c) All initial direct costs incurred by the company.

Unless the transfer of the ownership of the underlying asset to the Company at the end of the lease period is reasonably finalized, the Company subjects the right of use asset to the end of the useful life of the underlying asset from the date of actual start of the lease. Right-to-use assets are subject to impairment assessment.

Lease Obligations (Financial Borrowings)

The company measures the lease obligation on the present value of the lease payments that were not paid on the date of the actual start of the lease.

At the commencement date of the lease, the lease payments included in the measurement of the lease liability consist of the following payments for the right to use the underlying asset during the lease term, which were not paid at the commencement date of the lease:

- (a) fixed payments,
- (b) Variable rent payments based on an index or rate, the first measurement of which is made using an index or rate on the date of the actual start of the rental,
- (c) Amounts expected to be paid by the Company as part of residual value commitments
- (d) Use price of this option if the company is reasonably confident that it will use the purchase option and
- (e) Penalty payments for termination of the lease if the rental period shows that the Company will use an option to terminate the lease.

Variable lease payments that do not depend on an index or rate are recognized as an expense in the period when the event or condition that triggers the payment occurs.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS(CONT.)

2.1) Basis of Presentation (CONT.)

- **Changes in Turkey Financial Reporting Standards (CONT.)**

Lease Obligations (Financial Borrowings) (CONT.)

The company determines the revised discount rate for the remainder of the lease period as an alternative borrowing interest rate at the time of the re-assessment, if the implied interest rate in the lease can be easily determined, and if it cannot be easily determined.

After the actual start of the company lease, the company measures its lease obligation as follows:

- (a) Increases the book value to reflect the interest on the lease obligation, and
- (b) Decreases book value to reflect lease payments made.

In addition, in the event of a change in the lease term, a change in the underlying fixed lease payments, or a change in the assessment of the option to purchase the underlying asset, the value of the finance lease liabilities is remeasured.

2.2) Changes in Turkish Financial Reporting Standards

The accounting policies based on the preparation of the financial statements for the accounting period ended September 30, 2022 have been implemented consistent with those used in the previous year, except for the new and changed TFRS standards and TFRYK comments as of January 1, 2022 outlined below. The impact of these standards and comments on the Company's finances and performance is described in the relevant paragraphs.

New standards effective as of September 30, 2022, and changes and comments on previous standards:

- Changes in TFRS 7 and TFRS 16 - Indicator interest rate reform Phase 2
- TFRS 16 'Leases' - Amendments to the extension of COVID 19 lease concessions facilitating application

These changes have no significant impact on the Company's financial situation and performance.

Standards and amendments published as of September 30, 2022 but not yet effective:

- Narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements to TFRS 1, TFRS 9, TAS 41 and TFRS 16
- Amendment of TAS 1, "Presentation of Financial Statements" standard regarding classification of liabilities
- Narrow changes in TMS 1, Application Statement 2 and TAS 8
- TAS 12, Amendment to deferred tax on assets and liabilities arising from a single transaction

These changes' impact on the Company's financial situation and performance has been evaluated.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS(CONT.)**2.3) Summary of Significant Accounting Policies****Cash and cash equivalents**

Cash and cash equivalents include cash in operation, demand deposits held in financial institutions, other short-term highly liquid investments with original maturities of three months or less that can be easily converted into a certain amount of cash and have an insignificant risk of change in value, and current accounts with banks (Note 53).

Financial assets**Classification**

The Company accounts its financial assets in three classes as "financial assets accounted for at amortized cost price", "fair value difference reflected in other comprehensive income statement" and "fair value difference reflected in profit or loss". Classification is based on the business model used by the business for managing financial assets and the characteristics of contractual cash flows of the financial asset. The company classifies its financial assets on the date of purchase.

Financial assets are not reclassified after their initial recognition, except in cases where the business model used by the Company in the management of financial assets changes; In case of business model change, financial assets are reclassified on the first day of the following reporting period after the change.

Accounting and Measurement

"Financial assets measured at amortized cost" are non-derivative financial assets held under a business model aimed at collecting contractual cash flows, which include interest payments only from principal and principal balances on certain dates in the terms of the contract. The Company's financial assets, which are accounted for at the amortized cost price, include "cash and cash equivalents", "commercial receivables", "other receivables" and "financial investments". The relevant assets are measured on their fair values in their first record in the financial statements and their discounted fees using the effective interest rate method in subsequent accounting. Gains and losses as a result of the valuation of non-derivative financial assets, measured on the amortized cost, are accounted for in the profit or loss statement.

"Financial assets reflected in other comprehensive income, the difference in actual value is a derivative non-derivative financial assets with cash flows on certain dates, including interest payments due to principal and principal balance, which are obtained under a business model aimed at collecting contractual cash flows and selling financial assets. Gains or losses arising from related financial assets, impairment gains or losses, and those other than currency difference income or expenses are reflected in other comprehensive income.

For investments in equity-based financial assets, the Company may irrevocably choose the method of reflecting subsequent changes in its fair value to other comprehensive income during the first-time financial statements. In the event of such a choice, the dividends obtained from the related investments are accounted for in the profit or loss table.

"Financial assets whose fair value difference is reflected in profit or loss" consists of financial assets other than financial assets measured at amortized cost and whose fair value difference is reflected in other comprehensive income. The gains and losses resulting from the valuation of these assets are accounted for in the income statement.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS(CONT.)

2.3) Summary of Significant Accounting Policies(CONT.)

Write off

The company removes the financial asset from its records when its rights to the cash flows generated under the agreement on financial assets are terminated or when it transfers the ownership of all risks and returns related to this financial asset with a trading transaction. Any rights created or held by financial assets transferred by the company are accounted for as a separate entity or liability.

Impairment

Impairment of financial and contract assets is calculated using the "Expected Credit Loss" (EXP) model. The impairment model is applied to amortized cost financial assets and contract assets.

Losses are measured on the following basis;

The lifetime ECL measurement is applied if, at the reporting date, the credit risk associated with a financial asset increases significantly after initial recognition. In all other cases where the relevant increase was not experienced, the 12-month ECL calculation was applied. The Company may determine that if the financial asset's credit risk has a low credit risk at the reporting date, the financial asset's credit risk has not increased significantly. However, lifetime ETC measurement (simplified approach) always applies to trade receivables and contract assets without a significant financing element.

Trade Receivables

Commercial receivables resulting from the provision of products or services to the buyer are accounted for from the amortized value of the amounts to be obtained in the following periods from the original invoice value. Short-term receivables without a set interest rate are shown from the invoice amount if the effect of the original effective interest rate is not too great. In the financial statements, the "simplified approach" is applied within the scope of devaluation calculations of commercial receivables that are accounted for at the amortized cost price and do not contain a significant financing component (less than 1 year term). With this approach, in cases where commercial receivables are not depreciated for certain reasons (except for realized impairment losses), the provisions of losses related to commercial receivables are measured at an amount equal to "lifetime expected credit losses". If all or part of the depreciated credit amount is collected after the devaluation provision is allocated, the amount collected is deducted from the allocated impairment and recorded in other income from the principal activities. Interest income/expenses related to trade transactions and currency difference profits/losses are accounted for in the "Other Income/Expenses from Core Activities" account in the profit or loss table.

Trade Payables

Commercial liabilities refer to mandatory payments for goods and services provided by suppliers for the Company's usual activities. If the expected period for the payment of commercial debts is 1 year or less (or longer but is within the normal operating cycle of the enterprise), these debts are classified as short-term liabilities. Otherwise, they are classified as long-term liabilities.

Commercial debts are recorded with their true values and are accounted for in subsequent periods by alteration of the value from the discredited value using the effective rate method.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS(CONT.)

2.3) Summary of Significant Accounting Policies (CONT.)

Inventories

Inventories are valued at less than the net perasible value or cost value. The cost determination method is the monthly weighted average for all stocks, and semi-finished products and products take a share of production costs. The net feasible value is the value after deducting marketing and sales expenses, with expenses made to get stocks ready for sale at the estimated sales price. For stocks that are unavailable or unsold, the value is recorded for impairment.

Tangible assets

Tangible assets are accounted for by deducting the accumulated depreciation and, if any, accumulated impairment on cost values. When tangible assets are sold, the cost and accumulated depreciations and provisions for impairment, if any, are included in the income or expense, profit or loss statement after deducting them from the relevant accounts.

The cost value of the tangible asset consists of the purchase price, import taxes and non-refundable taxes and the costs to make the tangible asset ready for use. Costs such as repair and maintenance after the use of tangible assets are recorded at the time of their occurrence. If the expenditure provides an economic increase in future use of the relevant tangible asset, these expenditures are added to the cost of the asset.

Depreciated assets are subjected to depreciation according to linear depreciation method with rates based on their estimated economic lifespan. The method of economic life and depreciation is regularly reviewed and therefore it is examined whether the method and depreciation period are in line with the economic benefits to be obtained from the relevant asset.

If there is an indication that the value of the asset has decreased, the net realizable value of the related asset is re-estimated and the provision for impairment is reflected in the financial statements.

If the registered value of an asset is higher than the recoverable value of the asset, the registered value is immediately reduced to recoverable. The recoverable value is the net sale price or high value of the related asset in use. The net sale price is determined by deducting the costs to be bearable to realize the sale from the reasonable value of the asset. The value in use is determined by adding residual values to the reduced amounts of estimated cash flows to be obtained in the future as of the reporting period by continuing to use the relevant asset. Profits and losses resulting from the sale of tangible assets are included in the income and expenses accounts from investment activities.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS(CONT.)

2.3) Summary of Significant Accounting Policies (CONT.)

Intangible assets

Intangible assets purchased

Intangible assets purchased are indicated by their accumulated amortization shares from cost values and their amounts after deducting accumulated impairments. These assets are amortized using linear amortization method according to their expected economic lifespan. The expected economic lifespan and amortization method is reviewed annually to determine the possible impact of changes in forecasts, and changes in estimates are accounted for going forward. These costs cover acquisition costs and are subject to amortization according to their economic lifespan.

Computer software

Purchased computer software is activated at the cost of purchase and in the time it takes to be ready for use. These costs are amortized according to their economic life (3-15 years).

The costs associated with developing and maintaining computer software are recorded in the comprehensive income statement during their occur time. Expenditures that are in control of the Company, which can be directly associated with detectable and distinctive software products and that will provide economic benefits above cost for more than a year, are considered intangible assets. Costs include the costs of employees developing the software and some of the overall production costs. Computer software development costs, which are considered as intangible assets, are subject to amortization over their economic life.

Impairment of Non-financial Assets

For all its tangible and intangible assets, the Company evaluates at each report date whether there is any indication of impairment for the asset. If such an indication exists, the carrying value of that asset is compared with the net realizable value, which is the higher of the amounts to be obtained through use or sale. An impairment has occurred if the carrying amount of the asset, or any cash-generating unit to which that asset belongs, is greater than the amount to be recovered through use or sale. In this case, impairment losses are recognized in the profit or loss statement.

The increase in the carrying value of the asset (or cash-generating unit) due to the reversal of the impairment should not exceed the carrying amount (net amount after depreciation) that would have occurred had the impairment been recognized in previous years. The reversal of the impairment is recognized in the profit or loss statement.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS(CONT.)

2.3) Summary of Significant Accounting Policies(CONT.)

Financial Leases

Operating lease (as lessee)

Leases in which a significant portion of the risks and rewards of ownership belong to the lessor are classified as operating leases. Payments made as operating leases (less incentives received from the lessor) are charged to the statement of profit or loss on a straight-line basis over the lease term.

Operating lease (as lessor)

In the operating leasing, the leased assets are classified under tangible assets in the financial situation table, excluding real estate, land and properties held for investment purposes, and the rental income obtained is reflected in the profit or loss statement in equal amounts during the rental period. Rental income is reflected in the profit or loss statement by linear method during the rental period.

Recording of Revenue

As of January 1, 2018, the Company has started to use the following five-stage model for accounting for revenue in accordance with TFRS 15 "Revenue Standard from Customer Contracts"

- Identification of contracts with customers
- Definition of performance obligations in contracts
- Determine the transaction price in contracts
- Distribution of transaction price to performance obligations
- Revenue recognition

According to this model, the goods or services committed in each contract with the customers are evaluated and each commitment to transfer such goods or services is determined as a separate operating obligation. Then it is determined whether the step obligations will be fulfilled as a time spread or at a certain time. If the Company transfers control of a goods or services over time and therefore fulfills its operations obligations for related sales in a timely way, it measures the progress towards the full fulfillment of such action obligations and puts the proceeds in the financial statements as a time spread.

Revenue related to performance obligations, which are in the nature of a commitment to transfer goods or services, are recognized when the control of the goods or services is in the hands of the customers.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS(CONT.)

2.3) Summary of Significant Accounting Policies(CONT.)

While the company evaluates the transfer of the control of the sold goods or services to the customer;,

- Ownership of the Company's right to collect goods or services,
- The customer's legal ownership of the goods or services,
- Transfer of possession of goods or services,
- The customer's ownership of the significant risks and rewards of owning the goods or services,
- It considers the conditions of the customer's acceptance of the goods or services.

The Company does not make corrections to the impact of a significant financing component on the promised price if it anticipates that at the beginning of the contract, the period between the transfer date of the goods or services committed to the customer and the date on which the customer pays for this goods or services will be one year or less. On the other hand, if there is an important financing element in the proceeds, the value of the proceeds is determined by reducing the future collections with the interest rate included in the financing element. The difference is recorded in the relevant periods as other income from the main activities on the basis of accrual.

Interest income

Interest income is accrued in the relevant period on the basis of the effective interest method that brings the estimated cash inflows from the remaining principal balance and the corresponding financial asset to the net book value of that asset. Interest income and exchange income related to trade transactions are accounted for as other income from the main activities.

Dividend income

Dividend income from stock investments is reflected in financial statements when shareholders are entitled to receive dividends. Dividend liabilities are reflected in financial statements as an obligation after the general assembly's approval as a component of the profit distribution.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS(CONT.)**2.3) Summary of Significant Accounting Policies (CONT.)****Borrowings**

Borrowings are accounted for at fair value less transaction costs incurred during initial recognition. Borrowings are measured at amortized cost after initial recognition. The difference between the amount collected (deducted transaction costs) and the amount recovered is recognized in profit or loss for the period using the effective interest method. Fees paid to obtain the loan facility are recognized as the transaction cost of the loan if it is probable that some or all the loan facility will be used. In this case, these fees are deferred until the loan is used. Where there is no evidence that it is probable that some or all the credit facility will be utilized, these fees are capitalized as a down payment for the liquidity service and amortized over the period for which the credit facility relates.

Borrowing costs

The costs of general and special purpose borrowings that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset over the period necessary to get those assets ready for their intended use or sale. Such costs are included in the cost of the asset if they can be measured in a reliable way and it is likely that the enterprise will benefit from economic benefits in the future. Investment income earned by the temporary management of special purpose liabilities that are expected to be spent on featured assets is deducted from borrowing costs that meet the conditions of capitalization. Borrowing costs that are not covered by this scope are eliminated on the date they occur.

Current tax expense and deferred tax

Period tax expense includes current period tax expense and deferred tax expense. Current tax and deferred tax are recognized as income or expense in the statement of profit or loss, provided that the tax is not directly related to a transaction accounted for under equity or other comprehensive income. In this case, the tax is recognized in other comprehensive income or equity, respectively.

Current tax expense is calculated based on tax laws in the countries in which the Company and its subsidiaries operate, or close to the period of entry into force. The company periodically evaluates the tax returns if the applicable tax law is open to interpretation and, where necessary, a provision is made for the debts to be paid to the tax authorities.

Deferred tax is calculated using the liability method based on the temporary differences between the values of assets and liabilities in the financial statements and the tax values. Deferred tax assets and liabilities are calculated at the tax rates expected to be applied during the period in which the tax asset will occur, or its liability will be executed, taking into account the tax rates and tax legislation that are in force or come into force as of the balance sheet date. Deferred tax assets are calculated provided that it is highly likely to benefit from temporary differences by making taxable profits in the future.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS(CONT.)

2.3) Summary of Significant Accounting Policies (CONT.)

The Company calculates a deferred tax liability for all taxable temporary differences related to its subsidiaries, except that it can control the time when taxable temporary differences are closed and the temporary difference is unlikely to be closed within a predictable period of time.

The company can determine the deferred tax asset and deferred tax liability of the same taxpayer or different taxpayers who intend to net the deferred tax asset or liability if and only if they have the legal right to set off the current tax assets against the current tax liabilities. If it is the same with the tax administration that made the arrangement, it is deducted.

Provision for Employment Termination Benefits

In accordance with the current labor law, the company is obliged to pay a certain amount of severance pay to the personnel who quit their job due to retirement or who are dismissed for reasons other than resignation and bad behavior and who have served for at least one year.

In the related financial statements, the Company calculated the severance pay return using the "Projection Method" and based on the Company's past experience in completing its staff service period and qualifying for severance, and discounted government bonds at the earnings ratio on the balance sheet date.

The current service cost for defined benefit plans, reflected in the income statement as employee expenses, refers to benefit change reductions and an increase in payments in defined benefit liability resulting from employee services in the current year, excluding those added to the cost of an asset. Historical service costs are recorded in the income statement during the period in which they occurred.

Net interest expense is calculated by applying a discount rate to the net value of the defined benefit obligation and the actual value of the planned asset. This cost is accounted for under employee expenses in the profit or loss table.

Defined benefit plans re-measurement gains and losses arising from difference corrections and actuarial assumption changes between actuarial assumption and realized are reflected in equity as other comprehensive income during the period in which they occurred.

Provision for unused permission

The unused permission rights accrued in financial statements represent the estimated total return for future potential liabilities related to the days of the well-deserved leave that employees do not use as of the balance sheet date.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS(CONT.)

2.3) Summary of Significant Accounting Policies(CONT.)

Earnings per share

Earnings per share reported in the profit or loss statement is calculated by dividing net profit by the weighted average number of shares outstanding throughout the reporting period.

In Turkey, companies can increase their capital through "bonus shares", which they distribute to their existing shareholders from previous years' earnings and inflation adjustment differences. Such "bonus shares" distributions are treated as issued shares in earnings per share calculations. Accordingly, the weighted average number of shares used in these calculations is calculated by taking into account the retrospective effects of the said share distributions.

Provisions, Contingent Assets and Liabilities

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

The amount recognized as a provision is calculated by estimating the expense to settle the obligation as of the report date, taking into account the risks and uncertainties associated with the obligation.

Where the effect of the time value of money is material, the amount of the provision is determined as the present value of the expenses expected to be necessary to settle the obligation. In determining the discount rate to be used in reducing the provisions to their present values, the interest rate in the relevant markets and the risk related to the said liability are taken into account. This discount rate is determined pre-tax and does not include the risk associated with estimating future cash flows.

Where some or all of the economic benefit required to pay the recompense is expected to be covered by third parties, the amount to be collected is accounted for as an asset if the collection of the relevant amount is almost certain and measured reliably.

Transactions in Foreign Currency

The financial statements of each business of the Company are presented in the currency (functional currency) valid in the main economic environment in which they operate. The financial position and operating results of each business are expressed in Turkish Lira ("TRY"), which is the functional currency of the Company and the presentation currency for the financial statements. During the preparation of the financial statements of each enterprise, transactions in foreign currency (currencies other than TRY or currencies other than the functional currency of the relevant enterprise) are recorded based on the exchange rates on the date of the transaction. Monetary assets and liabilities indexed to foreign currency in the statement of financial position are translated into TRY using the exchange rates prevailing on the report date.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS(CONT.)**2.3) Summary of Significant Accounting Policies(CONT.)**

Those recorded in foreign currency from non-monetary items that are monitored with fair value are converted to TRY based on the exchange rates at the time the fair value is determined. Non-monetary items in foreign currency measured in historical costs are not subject to translation.

The assets and liabilities of the company's foreign activities are expressed in TRY using the rates valid at the date of the report in financial statements. Income and expense items are translated using average rates during the period unless there is significant fluctuation in exchange rates during the period at which the rates were to be used (in case of significant fluctuations, rates at the date of the transaction are used). The exchange difference is classified as equity and transferred to the Company's foreign currency translation differences fund. These differences are recorded in the profit or loss table during the period of the disposal of foreign activity.

Goodwill and fair value corrections arising from the purchase of activities abroad are treated as assets and burdens of activity abroad and translated using the end-of-term rate.

As of September 30, 2022 and December 31, 2021.C. Central Bank exchange rates are as follows;

	30.09.2022	31.12.2021
USD / TRY	18,5187	13,3290
EUR / TRY	18,1395	15,0867
GBP /TRY	20,5816	17.9667

Clarification

The fact that a financial asset and debt are offset together and the net amount is shown on the balance sheet, but the it may be possible if it has a legal right to clarify the amounts accounted for and intends to make payments on a net basis or to obtain the asset and to pay the debt simultaneously. The legal right should not be linked to a future event and should be available in normal operational flow and even in the event of a default, incapacitated or bankruptcy of the company or the other party.

Government Grants

Government donations are recorded on their fair value when there is a reasonable assurance that donations will be received and that the Company meets the conditions it is obliged to comply with.

Events after the balance sheet date

Events after the balance sheet date; covers all events between the balance sheet date and the date of authorization for the publication of the balance sheet, even if they occurred after any announcement of the profits of the period or other selected financial information was made public. The Company adjusts the amounts received in the financial statements in accordance with this new situation in the event of incidents that require correction after the balance sheet date. Non-correction issues arising from the date of balance sheet are explained in the financial statement footnotes if they are issues that affect the economic decisions of the financial statement users.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS(CONT.)

2.3) Summary of Significant Accounting Policies (CONT.)

Related Parties

In the presence of one of the following criteria, the party is deemed to be related to the Company:

- (a) The said party, directly or indirectly, through one or more of its intermediaries:
 - (i) Controls, is controlled by, or is under joint control with the entity (including parents, subsidiaries, and subsidiaries in the same line of business);
 - (ii) Having a share that will enable it to have significant influence on the company; or
 - (iii) Has joint control over the Company.
- (b) The party is an affiliate of the Company;
- (c) The entity is a partnership with which the Company is a joint entrepreneur;
- (d) The entity is a member of the Key Executive Staff of the Company or its parent partnership;
- (e) The entity is a close family member of any individual mentioned in (a) or (d);
- (f) The entity is a business where any individual, controlled, co-controlled or under significant influence, or referred to in (d) or (e), has the right to a significant vote directly or indirectly; or,
- (g). The entity must be a benefit plan provided to employees of a business or business that is associated with the business, after leaving work.

Cash Flow Statement

The Company prepares a cash flow statement as an integral part of other financial statements to inform financial statement users about the changes in its net assets, its financial structure and its ability to direct the amount and timing of cash flows according to changing conditions. Cash flows for the period are classified as operating, investing, and financing activities.

Cash flows from operating activities indicate cash flows from Company activities. The company chose to present its cash in and out of operating activities in financial statements in a clear (indirect) way.

Cash flows related to investment activities show the cash flows that the Company uses and achieves in investment activities (fixed investments and financial investments).

Cash flows related to financing activities indicate the resources used by the Company in its financing activities and the reimbursements of these resources.

2.4) Changes and Errors in Accounting Estimates

Changes in accounting estimates are applied only for one period, during the current period of the change, and in the future, both during the period of the change and in the future. Important estimates used during the preparation of financial statements for the period ending on September 30, 2022 are consistent with the estimates used during the preparation of financial statements for the period that ended on December 31, 2021. The key accounting errors identified are retroactively applied and the previous financial statements are reorganized.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS(CONT.)

2.5) Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires the Company management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Those estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Significant estimates used in the preparation of these financial statements and the significant judgments with the most significant effect on amounts recognized in the financial statements are as follows:

The cost of defined benefit plans is determined using actuarial valuations which involve making assumptions about discount rates, future salary increases and employee turnover. Due to the long- term nature of these plans, such estimates are subject to significant uncertainty.

The possibility of loss of lawsuits and any liability arising in the event of loss are assessed by the Company's management by taking the advice of the Company's Legal Counsel and the expert. Company management determines the amount of provision for the case based on best estimates.

Company management has made assumptions based on the experience of the technical staff in determining the useful life of tangible and intangible assets.

Deferred tax assets and liabilities are recorded using tax rates that are widely used for temporary differences between the notebook values and matrahs of assets and liabilities. Based on the evidence available, it has been considered possible that all or part of the deferred tax assets may not be converted or converted into cash. Key factors considered include potential for future income, losses accumulated from previous years, tax planning strategies that will be implemented if necessary, and the nature of revenue that can be used to convert the deferred tax asset into cash.

Due to the Covid 19 epidemic, which affected the whole world, there were disruptions in the supply and sales processes in the areas where the Company operates, in parallel with the developments/slowdowns experienced mainly in the second quarter of the year, both in the sector in which the Company is located and in general economic activity. During these periods, production activities were temporarily suspended. In this process, necessary actions have been taken by the Company management to minimize the possible effects of Covid 19 on the Company's activities and financial situation. It is not yet clear how long the effect of the Covid 19 epidemic will continue both in the world and in Turkey, and as the severity and duration of the effects become clear, it will be possible to make a more specific and healthy assessment for the medium and long term. While preparing its financial statements dated September 30, 2022, the company evaluated the possible effects of the Covid 19 epidemic on its financial statements and reviewed the estimates and assumptions used in the preparation of the financial statements.

NOTE 3 – BUSINESS COMBINATIONS

None (December 31, 2021: None)

NOTE 4 – SHARES IN OTHER COMPANIES

In order to support the export activities of the company, the establishment procedures of the subsidiary, which was decided to be established with the title of Rising Steel Inc, in the organized industrial area close to the Chicago region in the state of Illinois, USA, were completed as of 08.02.2022 and registered on 10.02.2022. Since the company was inactive in the relevant period, it was not consolidated and was shown in the financial statements at cost. It was reflected in the financial statements with a cost value of 1,000 USD (TRY 13,402 in acquisition).

NOTE 5 – SEGMENT REPORTING

The methods which are used in the company's field of activity, quality of service, characteristics of economic, the classification of customers in accordance with risk, and the distribution of services are similar. In addition, the company's organizational structure, all different activities of the company are managed and considered as part of a single activity instead of including different activities. The company's operating results, the identification of resources to be allocated to these activities and review of the performance of these activities are considered in this context.

NOTE 6 – RELATED PARTY DISCLOSURES

The details of the transactions between the Company and other related parties are explained below:

(a) Other Short-Term Receivables

	30.09.2022	31.12.2021
SKY Fuarçılık A.Ş.	128.820	--
Total	128.820	--

(b) Other Short-Term Payables

None (December 31, 2021: None)

(c) Short Term Prepaid Expenses

None (December 31, 2021: None)

(d) Purchases

The details of the company's purchases from related parties are as follows:

	30.09.2022	30.09.2021
SKY Fuarçılık A.Ş. (*)	120.000	527.168
Shareholders (**)	1.552.500	1.150.000
Total	1.672.500	1.677.168

(*) The debt relationship between "SKY Fuarçılık A.Ş." with the related party is due to rent expense. (30.09.2021: TRY 122.500 of the debt relationship with the related party of SKY Fuarçılık A.Ş. arises from rent expenses, TRY 295.000 from fixed asset purchases, TRY 109.668 from goods purchases.)

(**) Includes rental fees paid for the office rented from company partners Ferhan Göktürk and Yüksek Göktürk.

NOTE 6 – RELATED PARTY DISCLOSURES (Cont.)**(e) Sales**

None (September 30, 2021: None)

(f) Key Management Compensation and Benefits

The details of the remuneration and similar benefits provided to the senior executives of the company are as follows:

	30.09.2022	31.12.2021
Benefits to top management	1.507.973	1.526.867
Total	1.507.973	1.526.867

NOTE 7 - TRADE RECEIVABLES AND PAYABLES**(a) Short-Term Trade Receivables**

The details of the company's short-term trade receivables are as follows:

	30.09.2022	31.12.2021
Checks received	1.490.815	219.800.174
Trade receivables	133.307.751	98.469.213
Notes receivable	347.305.156	417.000
Rediscount of notes and checks receivable (-)	(12.707.386)	--
Trade receivables Tfrs 9 expected credit loss	(1.734.344)	(648.766)
Provision for doubtful receivables	4.700.951	4.255.926
Provision for doubtful trade receivables (-)	(4.700.951)	(4.255.926)
Other trade receivables from related parties	128.820	--
Other trade receivables	5.031.232	--
Total	472.822.044	318.037.621

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Cont.)**(a) Short-Term Trade Receivables (Cont.)**

Average collection maturity of trade receivables is 99 days (31.12.2021; 107 days). The company allocates a loss provision for its trade receivables that have become problematic. The provision amounts include the receivables that the relevant customers cannot repay or the value of the guarantees received for the said receivables cannot be realized.

The Company has agreement with Euler Hermes Sigorta A.Ş. including following details.

- The policy is valid for the period between 1 September 2022 - 31 May 2023 and has been issued for 1 year.
- Currency of the claims subject to the policy has been determined as USD & EUR.
- The guaranteed rate has been determined as 90% for the commercial receivables for which a credit limit request has been made. In addition, the Company has receivables and letters of guarantee within the scope of DBS.
- As of 30 September 2022, the Company's customers are within the scope of Euler Hermes Sigorta A.Ş. There is an insurance coverage limit of USD 13.591.861 for 798 customers and EUR 2.870.000 for 37 customers. In addition, the Company has a DBS secured limit of TRY 61.989.000 for its 139 customers with 100% bank guarantee, which is allocated to its customers at 10 banks. In addition, there is a letter of guarantee limit of TRY 1.030.000 in total for 5 customers.

The movement table of the Company's provisions for doubtful receivables is as follows

	30.09.2022	31.12.2021
Opening	4.255.926	3.748.097
Increase during the period	445.025	507.829
Provisions no longer required	--	--
Closing	4.700.951	4.255.926

(b) Short Term Trade Payables

The details of the company's short term trade payables are as follows:

	30.09.2022	31.12.2021
Sellers	71.948.350	32.234.125
Debt securities	27.071.506	49.437.507
Other trade payables	3.472.943	1.568.198
Debt rediscount (-)	(1.096.259)	(173.464)
Total	101.396.540	83.069.441

The average payment term of trade payables is 30 days (31.12.2021: 45 days).

The Company has no Long-Term Trade Payables as of 30 September 2022 and 31 December 2021.

NOTE 8 – RECEIVABLES AND PAYABLES FROM FINANCE SECTOR ACTIVITIES

As of 30 September 2022, the Company has a restricted bank balance of TRY 81.390. (31.12.2021: The Company has a restricted bank balance of TRY 19.050 of 31 December 2021).

NOTE 9 – OTHER RECEIVABLES AND PAYABLES**(a) Other Short-Term Receivables**

The details of the company's other short-term receivables are as follows:

	30.09.2022	31.12.2021
Deposits and guarantees given	33.346	17.102
Various other receivables	2.173.481	18.645
Receivables from personnel	215.300	--
Total	2.422.127	35.747

(b) Other Long-Term Receivables

None (December 31, 2021: None)

(c) Other Short-Term Liabilities

The details of the Company's other short-term payables are as follows:

	30.09.2022	31.12.2021
Taxes and Funds Payable	1.844.399	6.076.790
Total	1.844.399	6.076.790

(d) Other Long-Term Liabilities

None (December 31, 2021: None)

NOTE 10 – INVENTORIES

The details of the company's inventories are as follows:

	30.09.2022	31.12.2021
Trade goods	301.921.574	132.462.586
Total	301.921.574	132.462.586

As of 30 September 2022, and 31 December 2021, the Company has no inventory impairment.

NOTE 11 – BIOLOGICAL ASSETS

None (December 31, 2021: None)

NOTE 12 – PREPAID EXPENSES AND DEFERRED INCOME**(a) Short Term Prepaid Expenses**

The details of the company's short-term prepaid expenses are as follows:

	30.09.2022	31.12.2021
Advances given	171.972.871	49.277.588
Expenses for the following months	2.033.012	785.380
Total	174.005.883	50.062.968

(b) Long-Term Prepaid Expenses

The details of the company's long-term prepaid expenses are as follows:

	30.09.2022	31.12.2021
Expenses for the following years	--	107.295
Total	--	107.295

(c) Short Term Deferred Income

The details of the company's short-term deferred income is as follows:

	30.09.2022	31.12.2021
Liabilities arising from customer contracts	10.680.094	2.953.160
Income for the next months	--	3.667.671
Total	10.680.094	6.620.831

NOTE 13 – INVESTMENT PROPERTIES

None (December 31, 2021: None)

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NOTES TO FINANCIAL STATEMENTS, FOR THE PERIOD BETWEEN JANUARY 1 – SEPTEMBER 30 2022

(Amounts expressed in Turkish Lira (*TRY*) unless otherwise indicated).

NOTE 14 – TANGIBLE ASSETS

The movements in the company's tangible assets and related accumulated depreciation are as follows:

	01.01.2021	Addition	Transfers	Disposal	31.12.2021	Addition	Transfers	Disposal	30.09.2022
Cost									
Lands	--	15.425.000	--	--	15.425.000	--	--	--	15.425.000
Buildings	--	--	--	--	--	--	--	--	--
Machinery and equipment	5.534.100	2.201.926	--	--	7.736.026	1.545.489	(53.737)	--	9.227.778
Vehicles	2.984.003	1.066.060	--	--	4.050.063	1.510.174	--	--	5.560.237
Fixtures	2.529.904	2.597.609	--	--	5.127.513	296.297	(2.382)	--	5.420.991
Specific costs	9.730.516	810.367	--	--	10.540.883	--	--	--	--
Ongoing investments	--	192.652	--	--	192.652	20.564.186	--	--	20.756.838
	20.778.523	22.293.614	--	--	43.072.137	23.916.146	(56.119)	--	56.390.844
Accumulated Depreciation									
Machinery and equipment	1.087.766	732.545	--	--	1.820.311	590.825	(53.737)	--	2.345.564
Vehicles	1.274.897	567.535	--	--	1.842.432	688.473	--	--	2.532.274
Fixtures	747.283	459.400	--	--	1.206.683	464.953	--	--	1.679.481
Specific costs	3.653.468	1.518.259	--	--	5.171.727	1.155.235	(6.326.962)	--	--
	6.763.414	3.277.739	--	--	10.041.153	2.899.486	(6.380.699)	--	6.557.319
Net Book Value	14.015.109				33.030.984				49.833.525

As of 30 September 2022, the Company does not have any pledges or mortgages on Tangible Fixed Assets.

NOTE 15 – DECOMMISSIONING OF SERVICE, RIGHTS ON FUNDS FROM RESTORATION AND ENVIRONMENT REHABILITATION

None (December 31, 2021: None)

NOTE 16 – SHARES OF MEMBERS IN COOPERATIVE BUSINESS AND RELATED FINANCIAL INSTRUMENTS

None (December 31, 2021: None)

NOTE 17 – INTANGIBLE ASSETS

The details of the company's intangible assets are as follows

	1.01.2021	Addition	Transfers	Disposal	31.12.2021	Addition	Transfers	Disposal	30.09.2022
Cost									
Rights	174.566	187.291	--	--	361.857	86.410	--	--	448.267
Total	174.566	198.291	--	--	361.857	86.410	--	--	448.267
Accumulated Depreciation									
Rights	(73.625)	(57.174)	--	--	(130.799)	(36.887)	--	--	(167.686)
Total	(73.625)	(57.174)	--	--	(130.799)	(36.887)	--	--	(167.686)
Net Book Value	100.941				231.058				280.581

NOTE 18 – GOODWILL

None (December 31, 2021: None)

NOTE 19 – INVESTIGATION AND EVALUATION OF MINERAL RESOURCES

None (December 31, 2021: None)

NOTE 20 – RENT OPERATIONS

(a) Right-of-use assets (TFRS-16)

The balances of right-of-use assets as of 1 January and 30 September 2022 and their depreciation and amortization expenses in the relevant period are as follows:

	01.01.2021	Addition	Other	Disposal	31.12.2021	Transfers	Others	Disposal	30.09.2022
Cost									
Buildings	5.703.165	--	651.482	--	6.354.647	--	238.062	--	6.592.709
Special Costs	--	--	--	--	--	10.705.783	--	--	10.705.783
Total	5.703.165	--	651.482	--	6.354.647	10.705.783	238.062	--	17.298.492
Accumulated Depr.									
Buildings	(1.454.244)	(1.032.125)	(1.901)	--	(2.488.270)	6.195.749	--	--	(3.707.479)
Special Costs	--	--	--	--	--	(6.326.967)	--	--	(6.326.967)
Total	(1.454.244)	(1.032.125)	(1.901)	--	(2.488.270)	--	--	--	(10.034.446)
Net Book Value	4.248.921				3.866.377				7.264.046

As of September 30, 2022, the total of the future minimum lease liability within the framework of non-cancellable operating leases is as follows;

	30.09.2022	31.12.2021
Payables from rental transactions (Short term)	2.684.703	1.242.969
Payables from rental transactions (Long term)	6.391.027	3.872.069
Total	9.075.730	5.115.038

Payables from lease transactions consist of borrowings within the scope of "TFRS-16 Leases" provision made for the lease of İzmir office, Dudullu office, Representative office, Ataköy office and Head office building as right-of-use assets.

NOTE 21– PRIVILEGE SERVICE ARRANGEMENTS

None (December 31, 2021: None)

NOTE 22– IMPAIRMENT ON ASSETS

None (December 31, 2021: None)

NOTE 23 – GOVERNMENT INCENTIVES

None (December 31, 2021: None)

NOTE 24 – BORROWING COSTS

None (December 31, 2021: None)

NOTE 25 – CONTINGENT ASSETS AND LIABILITIES

The details of the company's provisions are as follows:

(a) Short-Term Provisions for Employee Benefits

The details of the company's short-term provisions for employee benefits are as follows:

	30.09.2022	31.12.2021
Unused leave liability	143.044	--
Total	143.044	--

(b) Other Short-Term Provisions

None (December 31, 2021: None)

NOTE 25 – CONTINGENT ASSETS AND LIABILITIES (Cont.)**(c) Long-Term Provisions for Employee Benefits**

The details of the company's long-term provisions for employee benefits are as follows:

	30.09.2022	31.12.2021
Severance pay liability	947.601	576.547
Total	947.601	576.547

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 and reaches the retirement age (58 for women and 60 for men). As the maximum liability is revised semi-annually, the maximum amount of TRY 15.371 effective from September 30,2022 (December 31,2021: TRY 8.285).

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 30 September 2022, 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 30 September 2022, the provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 13,00% and an interest rate of 16,50%, resulting in a real discount rate of 3,10%. (31 December 2021: %3,92 real discount rate).

The important estimates used in the calculation of the severance pay liability are the discount rate and the probability of voluntary dismissal.

	01.01.2022- 30.09.2022	01.01.2021- 31.12.2021
Opening balance	576.547	579.169
Service costs	401.363	81.084
Interest cost	13.357	79.169
Severance Pay Paid	--	(162.875)
Actuarial (Gain) / Loss	(43.666)	--
End of period	947.601	576.547

NOTE 26 – COMMITMENTS

- Letters of Guarantee Taken**

	30.09.2022	31.12.2021
Letters of guarantee taken	1.030.000	1.030.000
Total	1.030.000	1.030.000

As of September 30, 2022 and December 31, 2021, there is no mortgage on Company's assets.

- Letters of Guarantee given**

	30.09.2022	31.12.2021
Letters of guarantee given	12.740.156	13.622.386
Total	12.740.156	13.622.386

Information on the Company's given collateral position is as follows:

	30.09.2022	31.12.2021
A. Total amount of GMP that Issued on behalf of the legal entity	12.740.156	13.622.386
B. Total Amount of GSM given for partnerships which are included in full consolidation	--	--
C. Total Amount of GSM given for the purpose of guaranteeing third party loans to carry the regular trade activities	--	--
D. Total Amount of another GSM given	--	--
i. Total amount of GSM given in favor of the main partner	--	--
ii. Total amount of GSM given in favor of other group companies not covered by B and C clauses	--	--
iii. Total amount of GSM given in favor of third parties not covered by Article C	--	--
Total	12.740.156	13.622.386
The ratio of other GSM's to the Company's equity	0,032	0,051

NOTE 27 – PAYABLES FOR EMPLOYEE BENEFITS**(a) Payables within the Scope of Employee Benefits**

The details of the payables within the scope of the company's employee benefits are as follows:

	30.09.2022	31.12.2021
Payables to employees	598.287	--
SSI premium payables	--	317.393
SSI deduction payables	404.063	178.822
Total	1.002.350	496.215

NOTE 28 – EXPENSES BY NATURE**(a) General Administrative Expenses (-)**

The details of the company's general administrative expenses are as follows:

	01.01.2022- 30.09.2022	01.07.2022- 30.09.2022	01.01.2021- 30.09.2021	01.07.2021- 30.09.2021
Personnel expenses	(6.249.911)	(2.005.300)	(3.042.980)	(1.190.538)
Depreciation and amortization	(431.688)	(116.702)	(1.802.748)	(499.217)
Stationery and Office Materials expenses	(113.954)	(34.427)	--	--
Outside benefits and services	(1.454.667)	(472.330)	(583.470)	(292.922)
Insurance expenses	(1.085.311)	(382.227)	(524.100)	(366.698)
Electricity, Water, Natural Gas Expenses	(295.203)	(108.704)	(44.438)	(9.654)
Stock market transaction expenses	(82.719)	(6.954)	--	--
Dues expenses	(194.882)	(52.684)	--	--
Food expenses	(1.012.268)	(330.657)	--	--
Communication expenses	(51.665)	(20.085)	(30.123)	(12.187)
Tax, duty and fee expenses	(42.811)	(3.293)	(23.929)	(6.364)
Other expenses	(2.240.192)	(394.501)	(1.007.133)	(143.259)
Total	(13.255.271)	(3.927.864)	(7.058.921)	(2.520.839)

NOTE 28 – EXPENSES BY NATURE (Cont.)**(b) Marketing, Sales, and Distribution Expenses**

The details of the company's marketing, sales and distribution expenses are as follows:

	01.01.2022- 30.09.2022	01.07.2022- 30.09.2022	01.01.2021- 30.09.2021	01.07.2021- 30.09.2021
Personnel expenses	(7.159.504)	(2.931.692)	(3.865.580)	(1.737.439)
Shipping and cargo expenses	(5.630.912)	(1.217.210)	(1.434.090)	(419.152)
Depreciation and amortization	(2.448.271)	(1.007.612)	(1.370.121)	(474.426)
Repair and maintenance expenses	(126.655)	(38.752)	(256.042)	(47.314)
Vehicle Expenses	(948.710)	(375.643)	(267.801)	(94.149)
Import, export expenses	(13.862.152)	(1.234.793)	--	--
External Benefits and Services	--	--	(429.483)	(292.315)
Fair and advertising expenses	(1.381.912)	(734.675)	(175.173)	(105.580)
Insurance expenses	--	--	(44.465)	(15.436)
Travel expenses	(528.579)	(250.843)	(64.533)	(54.740)
Other expenses	(2.908.147)	(1.858.126)	(829.009)	(319.428)
Total	(34.994.842)	(9.649.346)	(8.736.297)	(3.559.979)

(c) Research and Development Expenses (-)

None (September 30, 2021: None)

NOTE 29 – OTHER ASSETS AND LIABILITIES**(a) Other Current Assets**

The details of the company's other current assets are as follows:

	30.09.2022	31.12.2021
Income accruals	10.964	--
Transferred Value Added Tax	18.119.477	--
Personnel advances	--	79.400
Total	18.130.441	79.400

NOTE 30 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS**(a) Paid in Capital**

The company's shareholders and their shares in the capital are as follows:

	30.09.2022		31.12.2021	
	Share Amount (TRY)	Share Ratio (%)	Share Amount (TRY)	Share Ratio (%)
Bariş GÖKTÜRK	35.158.450	28,20%	35.158.450	28,20%
Yüksel GÖKTÜRK	32.623.238	26,10%	32.623.238	26,10%
Burak GÖKTÜRK	17.605.634	14,08%	17.605.634	14,08%
Ferhan GÖKTÜRK	2.640.845	2,11%	2.640.845	2,11%
Open to public	36.971.833	29,58%	36.971.833	29,58%
Total Capital	125.000.000	100%	125.000.000	100%

(*) As of 30.09.2022, 53.394 shares with a rate of 0,4% in the publicly traded portion belong to Yüksel Göktürk and 270.000 shares with a rate of 0,22% belong to Barış Göktürk.

(b) Premiums/(Discounts) Related to Shares

None (December 31, 2021: None)

(c) Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss

	30.09.2022	31.12.2021
Defined Benefit Plans Re-Measurement Gains (Losses) (*)	145.476	110.543
Total	145.476	110.543

(*) With the change in TAS 19 "Employee Benefits" standard, actuarial loss and gains that are taken into account in the calculation of the severance pay provision are not allowed to be recognized in the income statement. Losses and gains resulting from changes in actuarial assumptions are accounted for under equity. Actuarial severance pay provision actuarial loss/gain fund cannot be reclassified to profit or loss.

(d) Previous years Profit/loss

The details of the company's previous years profit/loss account are as follows:

	30.09.2022	31.12.2021
Previous Year's Profits/(Losses)	111.622.668	26.203.403
Extraordinary Reserves	2.795.186	2.795.186
Total	114.417.854	28.998.589

Publicly traded companies make their dividend distributions in accordance with the CMB's Dividend Communiqué no. II-19.1, which came into effect as of February 1, 2015.

NOTE 30 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont.)

Partnerships distribute their profits within the framework of the profit distribution policies to be determined by their general assembly and in accordance with the provisions of the relevant legislation. Within the scope of the said communiqué, a minimum distribution rate has not been determined. Companies pay dividends as determined in their articles of association or dividend policy. In addition, dividends can be paid in installments of equal or different amounts, and dividend advances can be distributed in cash over the profit included in the interim financial statements.

Unless the reserves required to be set aside in accordance with the TTK and the dividend determined for the shareholders in the articles of association or the profit distribution policy are reserved; It cannot be decided to allocate other reserves, to transfer profits to the next year, and to distribute dividends to shareholders, members of the board of directors, partnership employees and non-shareholders.

Past years losses of partnerships; The portion exceeding the total amount resulting from the adjustment of retained earnings, general legal reserves including share premiums, and equity items excluding capital, according to inflation accounting, is considered as a discount item in the calculation of net distributable profit for the period.

(e) Restricted Reserves

The details of the company's restricted reserves allocated from profit account are as follows:

	30.09.2022	31.12.2021
Legal reserves	6.949.596	4.227.673
Total	6.949.596	4.227.673

NOTE 31 – REVENUE AND COST OF SALES

The details of the company's revenue and cost of sales are as follows:

	01.01.2022- 30.09.2022	01.07.2022- 30.09.2022	01.01.2021- 30.09.2021	01.07.2021- 30.09.2021
Domestic sales	1.031.164.701	314.703.104	395.329.609	156.922.164
Foreign sales	68.111.337	9.117.274	4.348.346	1.840.495
Other sales	523.875	207.837	279.798	104.997
Gross sales	1.099.799.913	324.028.215	399.957.753	158.867.656
Sales returns (-)	(17.818.445)	(4.311.768)	(2.083.206)	(1.188.784)
Sales discounts (-)	(442.150)	(118.853)	(809.845)	(347.870)
Net sales	1.081.539.318	319.597.595	397.064.702	157.331.002
Cost of sales (-)	(834.582.566)	(295.875.401)	(300.235.120)	(114.246.066)
Gross Profit/(Loss)	246.956.752	23.722.194	96.829.582	43.084.936

NOTE 32 – CONSTRUCTION CONTRACTS

On 25.01.2022, the company changed its name to İnşaat Tur. Gay. Dan. Tic. Ltd. Şti. has made the main contractor agreement for the rough construction part of the steel service center to be built on the industrial land in the OIZ, which is located in the Dilovası district of Kocaeli province, within the scope of the 'Construction Contract' signed. (December 31, 2021- None.)

NOTE 33 – GENERAL ADMINISTRATIVE, MARKETING EXPENSES AND RESEARCH AND DEVELOPMENT

Details of the general management and marketing expenses of the Company are presented below;

	01.01.2022- 30.09.2022	01.07.2022- 30.09.2022	01.01.2021- 30.09.2021	01.07.2021- 30.09.2021
General and administrative expenses (-)	(13.255.271)	(3.927.864)	(7.058.921)	(2.520.839)
Marketing expenses (-)	(34.994.842)	(9.649.346)	(8.736.297)	(3.559.979)
Total	(48.250.113)	(13.577.210)	(15.795.218)	(6.080.818)

NOTE 34 – OTHER INCOME AND EXPENSES FROM MAIN OPERATIONS

The details of the company's other income and expense accounts from main activities are as follows:

(a) Other Income from Main Operations

	01.01.2022- 30.09.2022	01.07.2022- 30.09.2022	01.01.2021- 30.09.2021	01.07.2021- 30.09.2021
Current Period Rediscount Income	1.269.723	(1.085.779)	5.531.492	--
Interest Income on Futures Sales	--	--	6.467.226	2.416.357
Maturity Difference Income Eliminated from Sales	8.877.005	2.866.565	--	--
Foreign Exchange Difference Income	37.202.473	15.923.354	2.280.718	436.279
Other	3.378.407	542.145	434.908	53.695
Total	50.727.608	18.246.285	14.714.344	2.906.331

(b) Other Expenses from Main Operations (-)

	01.01.2022- 30.09.2022	01.07.2022- 30.09.2022	01.01.2021- 30.09.2021	01.07.2021- 30.09.2021
Interest Eliminated from Purchases	--	--	(2.983.568)	(95.591)
Interest Income Eliminated from the Purchase	(870.893)	(259.199)	--	--
Foreign Exchange Difference Expenses	(9.245.835)	(3.938.401)	(2.311.809)	(872.006)
Commission expenses	(164.512)	--	--	--
Current Period Rediscount Expense	(13.054.313)	8.168.434	(1.234.147)	(653.519)
Doubtful Receivables Provision Expenses	(8.212)	163.468	(323.443)	(55.449)
Other Expenses	(752.528)	(202.552)	(2.541.805)	(2.361.005)
Total	(24.096.293)	3.931.750	(9.394.772)	(4.037.570)

NOTE 35 – INCOME / (EXPENSES) FROM INVESTMENT OPERATIONS

	01.01.2022- 30.09.2022	01.07.2022- 30.09.2022	01.01.2021- 30.09.2021	01.07.2021- 30.09.2021
Fixed asset sales profits	170.000	170.000	99.638	51.840
Total	170.000	170.000	99.638	51.840

	01.01.2022- 30.09.2022	01.07.2022- 30.09.2022	01.01.2021- 30.09.2021	01.07.2021- 30.09.2021
Impairment in Accordance with IFRS 9	(1.085.578)	(66.634)	--	--
Total	(1.085.578)	(66.634)	--	--

NOTE 36 – CLASSIFIED EXPENSES BY FUNCTION**(a) Depreciation and Amortization Expenses**

	01.01.2022- 30.09.2022	01.07.2022- 30.09.2022	01.01.2021- 30.09.2021	01.07.2021- 30.09.2021
General and Administrative Expenses	(431.688)	(252.107)	(1.802.748)	(499.217)
Marketing, Sales and Distribution Expenses	(2.421.225)	(1.645.034)	(1.370.121)	(474.426)
Total	(2.852.913)	(1.897.141)	(3.172.869)	(973.643)

NOTE 37 – FINANCIAL INCOME / (EXPENSE)**(a) Financial Incomes**

The details of the financial income account of the company are as follows;

	01.01.2022- 30.09.2022	01.07.2022- 30.09.2022	01.01.2021- 30.09.2021	01.07.2021- 30.09.2021
Interest income	813.654	334.062	1.653.262	23.627
Exchange differences income	2.245.528	108.066	136.213	48.387
Total	3.059.182	442.128	1.789.475	72.014

(b) Financial expenses

The details of the financial expenses account of the company are as follows:

	01.01.2022- 30.09.2022	01.07.2022- 30.09.2022	01.01.2021- 30.09.2021	01.07.2021- 30.09.2021
Interest expense	(70.006.930)	(26.830.329)	(12.508.381)	(6.393.232)
Exchange differences expense	(1.807.249)	(702.036)	(1.361.542)	(207.340)
Other	--	--	(837.908)	(293.108)
Total	(71.814.179)	(27.532.365)	(14.707.831)	(6.893.680)

NOTE 38 – ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS**Not to be Reclassified to Profit or Loss**

	30.09.2022	31.12.2021
Defined benefit plans re-measurement gains (losses)	(43.666)	162.875
Taxes on Other Comprehensive Income Not to be Reclassified to Profit or Loss	8.733	(32.575)
Total	(34.933)	130.300

NOTE 39 – ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None. (December 31, 2021: None)

NOTE 40 – TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)**(a) Corporation tax**

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a tax return. Therefore, provisions for taxes, as reflected in the accompanying financial statements, have been calculated on a separate-entity basis. Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized. The effective tax rate in 2022 is 25% for the Company. (31.12.2021: 23%)

The Law numbered 7061 on Amendment of Certain Taxes and Laws and Other Acts was published on the Official Gazette dated December 5, 2017 and numbered 30261. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017.

The company's tax expenses are as follows:

	30.09.2022	31.12.2021
Corporate tax provision	34.575.566	23.990.476
Prepaid corporate tax (-)	(33.289.523)	(12.259.359)
(Payable)/refundable corporate tax	1.286.043	11.731.117

NOTE 40 – TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont.)**(a) Deferred Tax**

The Company recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between the tax base legal financial statements and the financial statements prepared in accordance with TAS. These differences are generally due to the fact that some income and expense items are included in different periods in tax base financial statements and financial statements prepared in accordance with TAS, and these differences are stated below. The corporate tax rate for 2021 and 2022 will be applied as 25% and 23%, respectively, within the scope of the "Law on the Law on the Collection of Public Claims and Amendments to Certain Laws", which entered into force after being published in the Official Gazette dated April 22, 2021. Within the scope of the said law, deferred tax assets and liabilities in the financial statements dated 30 September 2022 are calculated with 20% tax rates for the part of temporary differences that will have tax effects in 2021 and 2022.

		30.09.2022		31.12.2021
	Total	Deferred tax	Total	Deferred tax
	Temporary differences	asset/ (liability)	Temporary differences	asset/ (liability)
Deferred tax assets:				
Provision for Doubtful Receivables	(577.009)	(115.402)	--	--
Leasing (TFRS -16)	(6.190.500)	(1.238.100)	(1.248.661)	(249.732)
Severance and Leave Compensation	(1.090.645)	(218.129)	(576.547)	(115.309)
Currency differences	--	--	(1.005.105)	(231.174)
Adjustments to trade receivables	--	--	(802.264)	(184.521)
Rediscount Correction	(12.707.386)	(2.541.477)	--	--
Deferred tax assets	(20.565.540)	(4.113.108)	(3.632.577)	(780.736)
Deferred tax liabilities				
Fixed Assets	133.836	26.767	32.191	6.438
Rediscount Correction	1.096.259	219.252	174.035	40.028
Adjustments to stocks	65.537.962	13.107.592	59.331.639	13.646.277
Derivative Instruments	80.561	16.112	314.706	72.382
Loan Interest Provision	10.855.914	2.171.183	202.790	46.642
Currency differences	360.243	72.049	--	--
Deferred tax liabilities	78.064.775	15.612.955	60.055.361	13.811.767
Net		11.499.847		13.031.031

NOTE 40 – TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Cont.)**(b) Deferred Tax (Cont.)**

The movement table of the company's deferred tax assets/(liabilities) is as follows:

	01.01.2022- 30.09.2022	01.07.2022- 30.09.2022	01.01.2021 30.09.2021	01.07.2021- 30.09.2021
Tax income / (expense) in the income statement				
Corporate tax provision	(34.575.566)	(1.291.593)	(12.257.756)	(5.955.138)
Deferred tax income / (expense), net	1.522.451	(314.317)	(8.348.578)	(1.929.956)
Total tax income / (expense), net	(33.053.115)	(1.605.910)	(20.606.334)	(7.885.094)

	01.01.2022- 30.09.2022	01.01.2021- 31.12.2021
Current Period Tax Asset in the balance sheet		
Assets Related to Current Period Tax	33.289.523	--
Total tax income / (expense), net	33.289.523	--

NOTE 41 – EARNING PER SHARE

Earnings per share is calculated by dividing the profit for the period by the weighted average number of shares of the Company during the period.

The company's earnings per share calculation is as follows:

	01.01.2022- 30.09.2022	01.07.2022- 30.09.2022	01.01.2021 30.09.2021	01.07.2021- 30.09.2021
Net profit per share of the parent shareholder	122.614.264	3.730.238	52.928.884	21.217.959
Weighted average number of ordinary shares issued (TRY 1 each)	125.000.000	125.000.000	125.000.000	125.000.000
Earnings per share (TRY)	0,98	0,03	0,42	0,17

NOTE 42 – SHARE-BASED PAYMENTS

None. (December 31, 2021: None)

NOTE 43 – INSURANCE CONTRACTS

None. (December 31, 2021: None)

NOTE 44 – EFFECTS OF CURRENCY CHANGE

The foreign exchange risk of the company as of September 30, 2022 is shown in the table in Note: 47, and as of the accounting period ending on September 30, 2022, foreign exchange gain and foreign exchange loss are included in the accompanying financial statements in other income/expenses from main activities and finance income/expenses. shown.

NOTE 45 – HYPERINFLATIONARY ECONOMY REPORTING

In the statement made by the Public Oversight Accounting and Auditing Standards Authority; “According to the CPI rates announced by the Turkish Statistical Institute, the cumulative change in the general purchasing power of the last three years has been 74,41%. In this respect, businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29.” statements are included. In this context, the accompanying financial statements are presented without any adjustments within the scope of TAS 29. In this context, the accompanying financial statements are presented without any adjustments within the scope of TAS 29.

According to TAS 29 Financial Reporting Standard in Hyperinflationary Economies, one of the characteristics of a hyperinflationary economy is that the cumulative inflation rate has approached or exceeded 100% in the last three years. Within the framework of the CPI data, it is expected that the Turkish economy will be defined as a hyperinflationary economy according to the TAS 29 Standard and the TAS 29 Standard will be implemented in the upcoming periods. With the application of TAS 29, the financial statements will be expressed in the current measurement unit at the end of the reporting period. As of the end of the reporting period, non-monetary items and equity items in the statement of financial position that are not expressed in the current measurement unit, and all profit or loss and other comprehensive income statement items will be adjusted for changes in the general price index. In addition, monetary position gains or losses will appear in the profit or loss and other comprehensive income statement depending on the net monetary position situation.

The effects of TAS 29 on the financial position and performance of the Company are being evaluated.

NOTE 46 – DERIVATIVE INSTRUMENTS

Derivative instruments included in Current Assets are as follows:

	30.09.2022	31.12.2021
Account Name		
Derivative financial instruments assets	80.561	314.706
Total	80.561	314.706

NOTE 47 – FINANCIAL INSTRUMENTS**(a) Short Term Borrowings**

The details of the company's short-term borrowings are as follows:

	30.09.2022	31.12.2021
Bank credits	290.664.635	110.050.286
Other financial debts	500.480	100.291
Total	291.165.115	110.150.577

(b) Short-Term Portions of Long-Term Borrowings

	30.09.2022	31.12.2021
Right of use liability	2.684.703	1.242.969
Bank credits	241.544.474	15.085.623
Total	244.229.177	16.328.592

(c) Long Term Borrowings

	30.09.2022	31.12.2021
Bank credits	21.113.949	20.760.331
Payables from rental transactions	6.391.027	3.872.069
Total	27.504.976	24.632.400

Principal payment terms of bank loans and financial leasing are presented below;

	30.09.2021	31.12.2021
To be paid within 1 yaer	290.664.635	126.314.358
To be paid within 1 - 2 years	241.544.474	15.900.578
To be paid within 2 - 3 years	17.613.949	1.096.785
To be paid within 3 - 4 years	3.500.000	873.383
To be paid within 4 - 5 years	--	1.811.427
Total	553.823.538	145.996.531

NOTE 48 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

(a) Capital Risk Management

In capital management, the company aims at enhancing profitability while keeping a reasonable leverage, on the other hand rendering sustainability in its operations.

The debt-to-equity ratio, which is calculated by dividing the net debt of the company, which is calculated by deducting the cash and cash equivalents of the company and short-term financial investments from the financial liabilities, by the total capital is as follows:

	30.09.2022	31.12.2021
Total debt	724.988.709	272.713.542
Less: Cash and cash equivalents	(33.760.811)	(1.741.655)
Net debt	691.227.898	270.971.887
Total equity	368.836.238	267.256.907
Debt/Equity Ratio	1,87	1,01

	30.09.2022	31.12.2021
Total financial debt	562.899.268	151.047.049
Less: Cash and cash equivalents	(33.760.481)	(1.741.655)
Net financial debt	529.138.787	149.305.394
Total Equity	368.836.238	267.256.907
Invested Capital	125.000.000	125.000.000
Net Financial Debt/Investment Capital Ratio	4,23	1,19

NOTE 48 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont.)**(b) Financial Risk Factors**

The main risks brought by the company's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The company management and the board of directors examine and accept the policies regarding the management of the following risks. The Company also considers the market value risk of all its financial instruments.

(1) Liquidity Risk

Liquidity risk is the risk that a company will not be able to meet its funding needs. The table below shows the maturity distribution of the Company's non-derivative and non-derivative financial liabilities. Non-derivative financial liabilities are prepared without discounting and based on the earliest due dates. Interests to be paid on these liabilities are included in the table below.

Derivative financial liabilities are arranged according to undiscounted net cash inflows and outflows. Futures instruments are paid net for futures transactions that have to be paid in gross and are realized over undiscounted, gross cash inflows and outflows. When receivables and payables are not fixed, the amount disclosed is determined using the interest rate derived from the yield curves at the report date.

30.09.2022	Book value	Cashflow according to the agreement	0-1 Year	1-5 years
Non-derivative financial liabilities	665.298.158	665.298.158	(637.793.182)	(27.504.976)
Financial payables	562.899.268	562.899.268	(535.394.292)	(27.504.976)
Payables from Rental Transactions	--	--	--	--
Payables under employee benefits	1.002.350	1.002.350	(1.002.350)	--
Trade and other payables	101.396.540	101.396.540	(101.396.540)	--
Derivative financial liabilities	80.561	80.561	(80.561)	--
Total	665.378.719	665.378.719	(637.873.743)	(27.504.976)

31.12.2021	Book Value	Cashflow according to the agreement	0-1 Year	1-5 years
Non-derivative financial liabilities	234.080.719	253.184.027	(216.576.315)	(36.607.712)
Financial payables	145.896.240	162.545.927	(130.918.830)	(31.627.097)
Payables from Rental Transactions	5.115.038	7.395.195	(2.414.580)	(4.980.615)
Payables under employee benefits	--	--	--	--
Trade and other Payables	83.069.441	83.242.905	(83.242.905)	--
Derivative financial liabilities	314.706	331.875	(331.875)	--
Total	234.395.425	253.515.902	(216.908.190)	(36.607.712)

NOTE 48 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont.)**(b) Financial Risk Factors (Cont.)****(2) Market Risk Management**

The Company's operations are primarily exposed to financial risks related to changes in foreign exchange rates and interest rates, as detailed below. The Company uses various non-derivative financial instruments in order to keep the risks associated with foreign exchange and interest rates under control. Market risks are also evaluated with sensitivity analysis.

- Currency Risk Management**

Transactions in foreign currencies cause exchange rate risk. The distribution of the company's monetary and non-monetary assets in foreign currency and monetary and non-monetary liabilities as of the balance sheet date is as follows:

	30.09.2022			
	TRY Equivalent	USD	EURO	Other
1. Trade Receivables	1.070.960	--	59.040	--
2a. Monetary Financial Assets (including cash, banks)	409.789	22.128	--	--
2b. non-monetary financial assets	--	--	--	--
3. Other	149.665.891	6.404.934	1.712.001	--
4. Current Assets (1+2+3)	151.146.640	6.404.934	1.712.001	--
5. Trade Receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
8. Non-Current Assets((5+6+7)	--	--	--	--
9. Total Assets((4+8)	151.146.640	6.404.934	1.712.001	--
10. Trade Payables	(39.967.837)	(1.777.545)	(388.656)	--
11. Financial Liabilities	--	--	--	--
12a. Other monetary financial liabilities	(3.169.740)	(25.293)	(148.920)	--
12b. Other non-monetary financial liabilities	--	--	--	--
13. Short-Term Liabilities (10+11+12)	(43.137.577)	(1.802.838)	(537.576)	--
14. Trade Payables	--	--	--	--
15. Financial Liabilities	--	--	--	--
16a. Other monetary financial liabilities	--	--	--	--
16b. Other non-monetary financial liabilities	--	--	--	--
17. Long Term Liabilities (14+15+16)	--	--	--	--
18. Total Liabilities(13+17))	(43.137.577)	(1.802.838)	(537.576)	--
19. Net Asset / (Liability) Position of Non-Statement of Financial Position Derivative Instruments (19a-19b)	--	--	--	--
19a. Amount of Foreign Currency Derivative Products with Active Characters	--	--	--	--
19b. Amount of Foreign Currency Derivative Products with Liable Characters	--	--	--	--
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	108.009.063	8.229.900	2.308.617	--
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	108.009.063	8.229.900	2.308.617	--
22. Fair value of derivative instruments used in foreign currency hedge	--	--	--	--
23. Amount of Hedged Part of Foreign Currency Assets	--	--	--	--
24. Amount of Hedged Part of Foreign Currency Liabilities	--	--	--	--
25. Export	52.536.830	356.799	3.797.464	--
26. Import	417.525.015	22.921.743	2.723.772	--

NOTE 48 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont.)

(b) Financial Risk Factors (Cont.)

	31.12.2021			
	TRY			
	Equivalent	USD	Euro	Other
1. Trade Receivables	1.887.036	141.574	85.505	--
2a. Monetary Financial Assets (including cash, banks)	1.038.523	1.626	67.401	--
2b. Non-monetary financial assets	--	--	--	--
3. Other	48.337.757	3.279.787	306.328	--
4. Current Assets(1+2+3)	51.263.316	3.422.986	459.234	--
5. Trade Receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
8. Non-Current Assets(5+6+7)	--	--	--	--
9. Total Assets(4+8)	51.263.316	3.422.986	459.234	--
10. Trade Payables	17.675.099	1.326.063	--	--
11. Financial Liabilities	--	--	--	--
12a. Other monetary financial liabilities	--	--	--	--
12b. Other non-monetary financial liabilities	--	--	--	--
13. Short-Term Liabilities (10+11+12)	17.675.099	1.326.063	--	--
14. Trade Payables	--	--	--	--
15. Financial Liabilities	--	--	--	--
16a. Other monetary financial liabilities	--	--	--	--
16b. Other non-monetary financial liabilities	--	--	--	--
17. Long Term Liabilities (14+15+16)	--	--	--	--
18. Total Liabilities(13+17)	17.675.099	1.326.063	--	--
19. Net Asset / (Liability) Position of Non-Statement of Financial Position Derivative Instruments (19a-19b)	--	--	--	--
19a. Amount of Foreign Currency Derivative Products with Active Characters	--	--	--	--
19b. Amount of Foreign Currency Derivative Products with Liable Characters	--	--	--	--
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	33.588.217	2.096.922	459.234	--
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	33.588.217	2.096.922	459.234	--
22. Fair value of derivative instruments used in foreign currency hedge	--	--	--	--
23. Amount of Hedged Part of Foreign Currency Assets	23.638.856	84.143	1.830.399	--
24. Amount of Hedged Part of Foreign Currency Liabilities	248.202.682	22.440.477	4.551.573	--
25. Export	1.887.036	141.574	85.505	--
26. Import	1.038.523	1.626	67.401	--

The Company is exposed to currency risk mainly in US Dollar and Euro.

The table below shows the sensitivity of the Company to 10% increase and decrease in USD and Euro exchange rates. The 10% rate is the rate used when reporting the exchange rate risk within the Company to the senior managers, and the said rate expresses the possible change expected by the management in the exchange rates. The sensitivity analysis covers only outstanding foreign currency denominated monetary items at year-end and shows the effects of 10% change in foreign currency rates at the end of the year. A positive value represents an increase in profit/loss and other equity items.

NOTE 48 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont.)

(b) Financial Risk Factors (Cont.)

	Profit/(Loss)		Equity	
	The appreciation of foreign currency	The depreciation of foreign currency	The appreciation of foreign currency	The depreciation of foreign currency
30.09.2022				
In case of appreciation/depreciation of USD against TRY at 10%				
1- USD net asset/liabilities	822.990	(822.990)	822.990	(822.990)
2- Part of hedged (-)	--	--	--	--
3- USD net effect (1+2)	--	--	--	--
In case of appreciation/depreciation of EURO against TRY at 10%				
4- EURO net asset/liabilities	230.862	(230.862)	230.862	(230.862)
5- Part of hedged (-)	--	--	--	--
6- EUR net effect (4+5)	--	--	--	--
In case other exchange rates change by 10% on average				
7- Other currency net asset/liabilities	--	--	--	--
8- Part of hedged (-)	--	--	--	--
9- Other currency net effect (4+5)	--	--	--	--
TOTAL (3+6+9)	1.053.852	(1.053.852)	1.053.852	(1.053.852)
31.12.2021				
In case of appreciation/depreciation of USD against TRY at 10%				
1- USD net asset/liabilities	2.794.988	(2.794.988)	2.794.988	(2.794.988)
2- Part of hedged (-)	--	--	--	--
3- USD net effect (1+2)	2.794.988	(2.794.988)	2.794.988	(2.794.988)
In case of appreciation/depreciation of EURO against TRY at 10%				
4- EURO net asset/liabilities	692.833	(692.833)	692.833	(692.833)
5- Part of hedged (-)	--	--	--	--
6- EUR net effect (4+5)	692.833	(692.833)	692.833	(692.833)
In case other exchange rates change by 10% on average				
7- Other currency net asset/liabilities	--	--	--	--
8- Part of hedged (-)	--	--	--	--
9- Other currency net effect (4+5)	--	--	--	--
TOTAL (3+6+9)	3.487.821	(3.487.821)	3.487.821	(3.487.821)

NOTE 48 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont.)**(b) Financial Risk Factors (Cont.)**

- Interest Rate Risk Management**

The Company's borrowing at fixed interest rates exposes the Company to interest rate risk. These risks are managed using natural methods that emerge as a result of netting assets and liabilities related to interest rates.. Interest rates of financial assets and liabilities are stated in the related notes. The distribution of the company's interest rate sensitive financial instruments is as follows:

	Book Value	
	30.09.2022	31.12.2021
Fixed rate instruments		
Financial liabilities	562.899.268	151.111.569
Total	562.899.268	151.111.569
Floating rate instruments		
Financial liabilities	--	--
Total	--	--

NOTE 48 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont.)

(b) Financial Risk Factors (Cont.)

• Credit Risk Management

	Receivables					
	Trade Receivables		Other Receivables		Deposit in banks	Total
30.09.2022	Related Parties	Other Parties	Related Parties	Other Parties		
Maximum credit risk exposed as of the reporting date	128.820	472.693.224	--	2.422.127	33.760.811	509.004.982
- The part of the maximum risk secured by collateral	--	--	--	--	--	--
A- Net book value of financial assets that are not overdue or impaired	128.820	472.693.224	--	2.422.127	33.760.811	509.004.982
B- Carrying value of financial assets whose conditions have been renegotiated otherwise would be deemed to be overdue or impaired.	--	--	--	--	--	--
C- Net book value of assets that are past due but not impaired	--	--	--	--	--	--
D- Net book values of impaired assets	--	--	--	--	--	--
-overdue	--	4.700.951	--	--	--	4.700.951
- impairment	--	4.700.951	--	--	--	(4.700.951)
E- Factors that include off balance sheet credit risks	--	--	--	--	--	--

NOTE 48 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont.)**(b) Financial Risk Factors (Cont.)**

- Credit Risk Management**

	Receivables					
	Trade Receivables		Other Receivables			Total
	Related Parties	Other Parties	Related Parties	Other Parties	Deposit in banks	
31.12.2021						
Maximum credit risk exposed as of the reporting date	--	318.037.621	--	35.747	1.729.329	319.802.697
- The part of the maximum risk secured by collateral	--	--	--	--	--	--
A- Net book value of financial assets that are not overdue or impaired	--	318.037.621	--	35.747	1.729.329	319.802.697
B- Carrying value of financial assets whose conditions have been renegotiated otherwise would be deemed to be overdue or impaired.	--	--	--	--	--	--
C- Net book value of assets that are past due but not impaired	--	--	--	--	--	--
D- Net book values of impaired assets	--	--	--	--	--	--
-overdue	--	3.607.160	--	--	--	3.607.160
- impairment	--	(3.607.160)	--	--	--	(3.607.160)
E- Factors that include off balance sheet credit risks	--	--	--	--	--	--

The risk of financial loss to the Company due to the failure of one of the parties to the financial instrument to fulfill its contractual obligations is defined as credit risk. Financial instruments of the company that may cause significant concentration of credit risk mainly consist of cash and cash equivalents and trade receivables. The maximum credit risk that the company may be exposed to is as much as the amounts reflected in the financial statements.

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

The credit risk that may arise from trade receivables is limited due to high customer volume and the Company management's limited amount of credit applied to customers. The provision for doubtful receivables for financial assets has been determined based on experience of uncollectible. As of the balance sheet date, there is no collateral received for overdue trade receivables for which provision has been made.

NOTE 49 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING DISCLOSURES)

Fair value is defined as the price to be obtained from the sale of an asset or to be paid in the transfer of a debt in the usual transaction between market participants on the measurement date. Estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methods. However, estimates are required in the interpretation of market data to determine fair value. Accordingly, the estimates presented here may not show the amounts that the Company can obtain in a current market transaction.

The following methods and assumptions are used to estimate the fair values of financial instruments whose fair values are practically possible:

Financial Assets

Monetary assets whose fair value approaches book value:

- Foreign currency balances are translated at the period-end rate.
- It is assumed that the fair values of some financial assets (cash-bank) shown at cost in the statement of financial position are approximate to the values of the statement of financial position.
- The fair value of trade receivables is estimated to be close to their carrying value after provisions have been made.

Financial Liabilities

Monetary liabilities whose fair value approximates book value:

- The fair values of short-term loans and other monetary liabilities are assumed to approximate their carrying values due to their short-term nature.
- It is assumed that the fair value of long-term debts denominated in foreign currency and translated at period-end rates is equal to their book value.
- It is assumed that the book values of trade payables and accrued expenses, which represent estimated amounts to be paid to third parties, are approximate to their market values.

Fair value measurements hierarchy table

The Company classifies the fair value measurements of financial instruments reflected at fair value in the financial statements according to the source of the inputs of each financial instrument class, using a three-level hierarchy, as follows. First level: Financial assets and liabilities are valued at stock prices traded in active markets for identical assets and liabilities.

Second level: Financial assets and liabilities are valued from the inputs used to find the directly or indirectly observable market price of the related asset or liability other than the market price specified in the first level.

Third level: Financial assets and liabilities are valued from inputs that are not based on market observable data used to determine the fair value of the asset or liability.

YÜKSELEN ÇELİK ANONİM ŞİRKETİ
REVIEWED FINANCIAL STATEMENTS, FOR THE PERIOD ENDED WITH SEPTEMBER 30,2022

(Amounts expressed in Turkish Lira (*TRY*) unless otherwise indicated).

**NOTE 49 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING DISCLOSURES)
(Cont.)**

30.09.2022	Fair value through profit And loss Financial Assets	Financial assets available to sale	Financial assets shown As its Amortized cost	Financial liabilities shown at amortized value	Book value	Note
Financial Assets						
Cash and cash equivalents	--	--	33.760.811	--	33.760.811	53
Trade receivables	--	--	472.822.044	--	472.822.044	7
Other receivables	--	--	2.422.127	--	2.422.127	9
Receivables from related parties	--	--	128.820	--	128.820	6
Other financial assets	--	--	--	--	--	29
Financial Liabilities						
Financial liabilities	--	--	--	562.899.268	562.899.268	47
Trade payables	--	--	--	101.396.540	101.396.540	7
Other liabilities	--	--	--	--	--	9
Payables from related parties	--	--	--	--	--	6
Other financial liabilities	--	--	--	--	--	29

31.12.2021	Fair value through profit And loss Financial Assets	Financial assets available to sale	Financial assets shown As its Amortized cost	Financial liabilities shown at amortized value	Book value	Note
Financial Assets						
Cash and cash equivalents	--	--	1.741.655	--	1.741.655	53
Trade receivables	--	--	318.037.621	--	318.037.621	7
Other receivables	--	--	35.747	--	35.747	9
Receivables from related parties	--	--	--	--	--	6
Other financial assets	--	--	--	--	--	29
Financial Liabilities						
Financial liabilities	--	--	--	151.047.049	151.047.049	47
Trade payables	--	--	--	83.066.366	83.066.366	7
Other liabilities	--	--	--	6.394.183	6.394.183	9
Payables from related parties	--	--	--	--	--	6
Other financial liabilities	--	--	--	--	--	29

The company management considers that the book values of its financial instruments reflect their fair values.

NOTE 50 – SUBSEQUENT EVENTS

None.

NOTE 51 – 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.

NOTE 52 – FIRST TRANSITION TO TMS

None (December 31, 2021: None)

NOTE 53 – DISCLOSURES ON CASH FLOW STATEMENT

The cash and cash equivalents of the company are as follows:

	30.09.2022	31.12.2021
Cash	22.474	113
Banks	33.738.337	1.729.329
-Demand deposit	1.520.073	1.563.026
-Time Deposit	32.218.264	166.303
Other cash equivalents	--	12.313
Total	33.760.811	1.741.655

As of the balance sheet date, the details of time deposits are as follows;

30.09.2022	Maturity Start Date	Due Date	Interest Rate	Amount TRY
Yapı Kredi TRY Deposit Account	30.09.2022	03.10.2022	%14,65	300.000
Ziraat Bankası TRY Deposit Account	30.09.2022	03.10.2022	%12,50	1.640.000
İş Bankası TRY Deposit Account	30.09.2022	03.10.2022	%18,25	29.250.000
Halkbank TRY Deposit Account	30.09.2022	03.10.2022	%5,00	760.000
Vakıfbank TRY Term Deposit	30.09.2022	03.10.2022	%11,00	268.264
Total				--

NOTE 54 – DISCLOSURES OF CHANGES IN EQUITY

The effect of the changes in the accounting policies explained in Note 2 and the accumulated profit / loss account and the effect of other accumulated comprehensive income / expenses which will not to be reclassified as profit or loss in other comprehensive income are presented in the statement of changes in equity.