

YÜKSELEN ÇELİK ANONİM ŞİRKETİ
FINANCIAL STATEMENTS FOR THE PERIOD
MARCH 31, 2024 REPORTS

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YÜKSELEN ÇELİK ANONİM ŞİRKETİ**AS OF MARCH 31, 2024 UNAUDITED FINANCIAL POSITION STATEMENTS (BALANCE SHEET)**

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

	Notes	Current Period 31.03.2024 TRY	Prior Period 31.12.2023 TRY
ASSETS		1.538.165.652	1.854.773.043
CURRENT ASSETS		1.200.791.372	1.516.901.778
Cash and Cash Equivalents	53	51.252.003	163.763.424
Financial Investments	47	33.398.247	61.567.424
Trade Receivables	7	580.982.324	514.879.483
Trade receivables from third parties	7	580.982.324	514.879.483
Other Receivables	9	9.163.557	22.563.774
Trade receivables from third parties	9	9.163.557	22.563.774
Inventories	10	519.719.844	684.961.361
Prepaid Expenses	12	4.661.890	42.784.927
- Other Prepaid Expenses	12	4.661.890	42.784.927
Other Current Assets	40	415.947	--
Subtotal	40	1.197.560	26.381.385
Total Current Assets		1.200.791.372	1.516.901.778
		1.200.791.372	1.516.901.778
NON-CURRENT ASSETS			
Investments in Affiliates, Shareholders and Subsidiaries		337.374.280	337.871.265
Tangible Assets	4	945.461	1.106.122
Right-of-Use Assets	14	235.609.851	239.510.743
Intangible Assets	20	65.988.802	72.302.515
- Other Intangible Assets	17	865.639	896.501
Prepaid Expenses	17	865.639	896.501
- Prepaid Expenses to Third Parties	12	84.579	39.544
Deferred Tax Asset	12	84.579	39.544
Total Non-Current Assets	40	33.879.948	24.015.840
TOTAL ASSETS		337.374.280	337.871.265
		1.538.165.652	1.854.773.043

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

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**AS OF MARCH 31, 2024 UNAUDITED FINANCIAL POSITION STATEMENTS (BALANCE SHEET)**

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

	Notes	Cari Dönem 31.03.2024 TL	Önceki Dönem 31.12.2023 TL
LIABILITIES		1.538.165.652	1.854.773.043
Short-Term Liabilities		733.578.242	988.669.529
Short Term Borrowings	47	448.600.236	454.475.336
- Short-Term Borrowings from Non-Related Parties	47	448.600.236	454.475.336
Short-Term Portions of Long-Term Borrowings	47	202.970.573	287.826.856
- Short-Term Portions of Long-Term Borrowings from Non-Related Parties	47	202.970.573	287.826.856
Trade payables	7	62.953.839	225.618.677
- Trade Payables to Non-Related Parties	7	62.953.839	225.618.677
Liabilities Within the Scope of Employee Benefits	27	4.165.143	1.043.902
Other debts	9	3.111.431	10.688.469
- Other Payables to Non-Related Parties	9	3.111.431	10.688.469
Obligations Arising from Customer Contracts	12	26.052	5.065.326
- Contractual Obligations Arising from Sales of Goods and Services	12	0	5.009.357
- Other Contractual Obligations		26.052	55.969
Current Period Profit Tax Liability	40	11.289.185	3.298.317
Short Term Provisions	25	391.503	450.478
- Short Term Provisions for Employee Benefits	25	391.503	450.478
Other Short term Liabilities	29	70.280	202.168
Subtotal		733.578.242	988.669.529
Total Short-Term Liabilities		733.578.242	988.669.529
Long Term Liabilities		118.853.941	118.216.981
Long Term Borrowings	47	114.563.699	115.415.008
- Long-Term Borrowings from Non-Related Parties	47	114.563.699	115.415.008
Long Term Provisions	25	3.428.615	2.801.973
- Long-Term Provisions for Employee Benefits	25	3.428.615	2.801.973
Deferred Tax Liability	40	861.627	--
Total Long-Term Liabilities		118.853.941	118.216.981
EQUITY		685.733.469	747.886.533
Equity of the Parent Company		685.733.469	747.886.533
Paid-in capital	30	125.000.000	125.000.000
Capital Adjustment Differences	30	538.758.231	538.758.231
Other comprehensive income (expense) not to be reclassified to profit or loss	30	(452.984)	(452.984)
- Gains (Losses) on Revaluation and Remeasurement	30	(452.984)	(452.984)
- Gain (Loss) on Remeasurement of Defined Benefit Plans	30	(452.984)	(452.984)
Other Comprehensive Income (Expense) to be Reclassified to Profit or Loss	30	(2.670)	337.135
- Foreign Currency Translation Differences	30	(2.670)	337.135
Restricted Reserves	30	36.319.424	36.319.424
Retained Earnings/Losses	30	47.924.726	217.696.308
Net Profit/Loss for the Period		(61.813.258)	(169.771.581)
Total Equity		685.733.469	747.886.533
TOTAL EQUITY AND LIABILITIES		1.538.165.652	1.854.773.043

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

YÜKSELEN ÇELİK ANONİM ŞİRKETİ

THE UNAUDITED STATEMENT OF INCOME STATEMENT FOR THE PERIOD BETWEEN JANUARY 1 – MARCH 31 2024

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

		Current Period 1.01.2024 31.03.2024 TRY	Prior Period 1.01.2023 31.03.2023 TRY
	Notes		
Revenue	31	378.775.869	552.718.717
Cost of Sales (-)	31	(425.953.550)	(495.495.319)
GROSS PROFIT (LOSS) FROM TRADING ACTIVITIES		(47.177.681)	57.223.398
GROSS PROFIT/LOSS		(47.177.681)	57.223.398
General Administrative Expenses (-)	28	(21.279.237)	(14.465.864)
Marketing Expenses (-)	28	(23.390.867)	(20.348.404)
Other Income from Operations	34	28.101.911	15.142.909
Other Expenses from Operations (-)	34	(22.573.618)	(21.959.919)
OPERATING PROFIT/LOSS		(86.319.492)	15.592.120
Income from Investing Activities	35	7.819.322	199.563
Expenses from Investing Activities	35	(114.880)	--
Impairment Gains (Losses) and Reversals of Impairment Losses Determined in accordance with TFRS 9	35	--	152.213
OPERATING PROFIT/LOSS BEFORE FINANCIAL INCOME/EXPENSES		(78.615.050)	15.944.896
Financial Income	37	9.527.893	11.726.803
Financial Expenses (-)	37	(47.940.691)	(27.443.145)
Gains (Losses) on Net Monetary Position	44	48.310.413	(62.674.766)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		(68.717.435)	(62.446.212)
Continuing Operations Tax Income/(Expense)		6.904.177	(24.622.058)
-Tax Income/(Expense) for The Period	40	(2.098.305)	(3.292.593)
-Deferred Tax Income /(Expense)	40	9.002.482	(21.329.465)
PROFIT/(LOSS) CONTINUING OPERATIONS FOR THE PERIOD		(61.813.258)	(87.068.270)
Profit (Loss) for The Period		(61.813.258)	(87.068.270)
Profit (Loss) for The Period Distribution		(61.813.258)	(87.068.270)
-Main Partnership Shares		(61.813.258)	(87.068.270)
PROFIT (LOSS) FOR THE PERIOD		(61.813.258)	(87.068.270)
OTHER COMPREHENSIVE INCOME		(339.805)	--
Items that will not be reclassified subsequently to profit or loss		--	--
Items to be Reclassified to Profit or Loss		(339.805)	--
Foreign Currency Translation Differences on Translation of Foreign Operations		(339.805)	--
-Gains (Losses) on Foreign Currency Translation Differences on Translation of Foreign Operations		(339.805)	--
OTHER COMPREHENSIVE INCOME		(339.805)	--
TOTAL COMPREHENSIVE INCOME (EXPENSES)		(62.153.063)	(87.068.270)
Distribution of the Total Comprehensive Income (Expenses)			
-Non-Controlling Interests		--	--
-Main Partnership Shares		(62.153.063)	(87.068.270)

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

YÜKSELEN ÇELİK ANONİM ŞİRKETİ
THE UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD BETWEEN JANUARY 1 – MARCH 31 2024

(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					
Current Period	Notes	Paid in Capital	Capital Adjustment Differences	Defined Benefit Plans Re-Measurement Gains (Losses)	Foreign Currency Translation Differences	Restricted Reserves	Profits / Losses of Previous Years	Net Profit/Loss for The Period	Parent Shareholders' Equity	Total Equity
Balances as of 01.01.2024 (beginning of the period)		125.000.000	538.758.231	(452.984)	337.135	36.319.424	217.696.308	(169.771.581)	747.886.533	747.886.533
Transfers	30	--	--	--	--	--	(169.771.581)	169.771.581	--	--
Total Comprehensive Income (Expense)	30	--	--	--	(339.805)	--	--	(61.813.258)	(62.153.063)	(62.153.063)
- Profit/(Loss) For the Period	30	--	--	--	--	--	--	(61.813.258)	(61.813.258)	(61.813.258)
- Other Comprehensive Income (Expense)	30	--	--	--	(339.805)	--	--	--	(339.805)	(339.805)
Increase (Decrease) Due to Other Changes	30	--	--	--	--	--	--	--	--	--
Balances as of 31.03.2024 (end of period)		125.000.000	538.758.231	(452.984)	(2.670)	36.319.424	47.924.727	(61.813.258)	685.733.469	685.733.469
Prior Period										
Balances as of 01.01.2023 (beginning of the period)		125.000.000	538.758.231	--	--	28.478.520	203.858.475	59.950.879	956.046.105	956.046.105
Transfers	30	--	--	--	--	--	59.950.879	(59.950.879)	--	--
Total Comprehensive Income (Expense)	30	--	--	--	--	--	--	(87.068.270)	(87.068.270)	(87.068.270)
- Profit/(Loss) For the Period	30	--	--	--	--	--	--	(87.068.270)	(87.068.270)	(87.068.270)
- Other Comprehensive Income (Expense)	30	--	--	--	--	--	--	--	--	--
Increase (Decrease) Due to Other Changes	30	--	--	--	--	--	--	--	--	--
Balances as of 31.03.2023 (end of period)		125.000.000	538.758.231	--	--	28.478.520	263.809.354	(87.068.270)	868.977.835	868.977.835

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

YÜKSELEN ÇELİK ANONİM ŞİRKETİ
UNAUDITED CASH FLOW STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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

	Current Period TRY 1.01.2024 31.03.2024	Prior Period TRY 1.01.2023 31.03.2023
A. CASH FLOWS FROM PRINCIPAL ACTIVITIES	(26.976.335)	126.732.502
Period profit/loss (+/-)	(61.813.258)	(87.068.270)
-Profit (Loss) from Continuing Activities	(61.813.258)	(87.068.270)
Adjustments regarding period profit/loss reconciliation	3.574.772	20.926.961
Adjustments for depreciation and amortization expense	4.358.522	1.652.705
Adjustments regarding provisions (+/-)	567.667	801.113
-Corrections Regarding Provisions (Cancellation) for Benefits Provided to Employees	567.667	801.113
adjustment regarding Unrealized foreign currency translation	(339.804)	--
adjustments regarding tax income /(expense)	(1.011.613)	18.473.143
Changes in Working Capital	31.678.098	192.873.811
Decrease (Increase) in Financial Investments	28.169.177	(45.486.740)
Adjustments Regarding the Decrease (Increase) in Trade Receivables	(66.102.841)	187.899.109
-Decrease (Increase) in Trade Receivables from Non-Related Parties	(66.102.841)	187.899.109
Adjustments Regarding the Decrease (Increase) in Other Receivables Related to Activities	13.400.217	(1.560.377)
-Decrease (Increase) in Other Receivables from Non-Related Parties	13.400.217	(1.560.377)
Adjustments for Decreases (Increases) in inventories	165.241.517	19.074.474
Decrease (Increase) in Prepaid Expenses	38.078.002	157.446.212
Adjustments Regarding the Increase (Decrease) in Trade payables	(162.664.837)	(126.750.510)
-Increase (Decrease) in Trade Payables to Related Parties	--	(1.401)
-Decrease (Increase) in Commercial Debts from Non-Related Parties	(162.664.837)	(126.749.108)
Increase (Decrease) in Debts Within the Scope of Employee Benefits	3.121.241	1.349.102
Adjustments for the Increase (Decrease) in Other Liabilities Related to Operations	(7.577.038)	6.973.419
-Increase (Decrease) in Other Payables to Non-Related Parties Related to Operations	(7.577.038)	6.973.419
Increase (Decrease) in Derivative Liabilities	--	(1.214.893)
Increase (Decrease) in Deferred Revenues (Other than Obligations Arising from Customer Agreements)	(5.039.274)	(5.206.672)
Adjustments for Other Increases (Decreases) in Working Capital	25.051.936	350.686
-Decrease (Increase) in Other Assets Related to Activities	25.183.825	632.454
-Increase (Decrease) in Other Liabilities Related to Activities	(131.891)	(281.768)
Net cash flow from operations (+/-)	(26.560.388)	126.732.502
Dividends Paid	(415.947)	--
B. CASH FLOWS FROM INVESTMENT ACTIVITIES	(266.108)	(45.835.318)
Cash Outflows Related to Purchases to Obtain Control of Subsidiaries	160.661	2.828
Cash Outflows Due to Share Acquisition or Capital Increase in Subsidiaries and/or Joint Ventures	--	12.537
Cash Inflows from the Sale of Tangible and Intangible Assets	(426.769)	(45.850.683)
-Cash Inflows from the Sale of Tangible Fixed Assets	(419.207)	(45.850.683)
Cash Outflows from Purchases of Tangible and Intangible Assets	(7.562)	0
C. CASH FLOWS FROM FINANCING ACTIVITIES	(85.268.978)	(44.665.944)
Cash Inflows from Borrowing	(91.582.691)	(105.488.117)
-Cash Inflows from Loans	(91.582.691)	(105.488.117)
Cash Outflows Related to Debt Payments Resulting from Lease Agreements	6.313.713	60.822.173
BEFORE THE EFFECT OF FOREIGN CURRENCY CONVERSION DIFFERENCES NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(112.511.421)	36.231.240
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	(112.511.421)	36.231.240
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	163.763.424	184.419.815
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	51.252.003	220.651.055

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

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES RELATED UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

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

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 December 31, 2023, the Company has 68 employees. (31 December 2023: 68)

As of March 31, 2024, and 31 December 2023, the capital and shareholding structure of the Company are as follows:

	March 31, 2024		December 31, 2023	
	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%

(*) As of 31.03.2024, 450,000 shares at a rate of 0.36% in the public part belong to Barış Göktürk, 290,797 shares at a rate of 0.23% belong to Yüksel Göktürk, and 100,068 shares at a rate of 0.08% belong to Ferhan Göktürk.

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 POA with the announcement dated October 04, 2023.

Consolidation principles applied

The attached Financial Statements are presented individually for the period of 31.03.2023, and as of the periods of 31.12.2023 and 31.03.2024, the Company's financial statements are presented as consolidated by including the Company's Subsidiary in the United States, Rising Steel Incorporated.

- **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 TFRS 9" 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.)

2.1) Basis of Presentation (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.

- **Adjusting consolidated financial statements during periods of high inflation**

According to the decision numbered 81/1820 dated December 28, 2023, by the Capital Markets Board of Türkiye (CMB), issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards have decided to apply inflation accounting starting from the annual financial statements for the fiscal years ending on December 31, 2023, by applying the provisions of "Turkish Accounting Standards" (TAS) 29.

The Public Oversight, Accounting and Auditing Standards Authority (KGK) made a statement on November 23, 2023, regarding the scope and application of TAS 29. It stated that financial statements of entities applying Turkish Financial Reporting Standards for reporting periods ending on or after December 31, 2023, should be presented by adjusting for inflation effects in accordance with the relevant accounting principles outlined in TAS 29.

In this context, inflation adjustments have been made according to TAS 29 for the consolidated financial statements dated December 31, 2023, December 31, 2022, and December 31, 2021.

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS(CONT.)**2.1) Basis of Presentation (Cont.)****• Adjusting consolidated financial statements during periods of high inflation (Cont.)**

Financial statements and related figures from previous periods have been restated for changes in the general purchasing power of the functional currency, resulting in financial statements and related figures from previous periods being expressed in the measurement unit currency applicable at the end of the reporting period in accordance with the TAS 29 Financial Reporting in Hyperinflationary Economies standard.

TAS 29 is applied to the financial statements of every entity whose functional currency is the currency of a high inflationary economy, including consolidated financial statements. In the presence of high inflation in an economy, TAS 29 requires the financial statements of an entity whose functional currency is the currency of a high inflationary economy to be expressed in the measurement unit currency applicable at the end of the reporting period.

As of the reporting date, due to the cumulative change in the general purchasing power exceeding 100% according to the Consumer Price Index (CPI) figure for the last three years, entities operating in Türkiye are required to apply the TAS 29 "Financial Reporting in High Inflationary Economies" standard for reporting periods ending on or after December 31, 2023.

The table below contains the inflation rates calculated for the relevant years based on the Consumer Price Index (CPI) published by the Turkish Statistical Institute (TSI).

Date	Index	Correction coefficient	Cumulative inflation rates over three years
31.03.2023	1.269,75	1,68495	%152
31.12.2023	1.859,38	1,15060	%268
31.03.2024	2.139,47	1,00000	%211

The main outlines of the indexation process under TAS 29 are as follows;

- Using the relevant price index coefficients, all items except those shown with current purchasing power as of the balance sheet date have been indexed. Amounts from previous years have also been indexed in the same manner.
- Monetary assets and liabilities, which are expressed with the current purchasing power as of the balance sheet date, have not been subjected to indexing. Monetary items include cash and items payable or receivable in cash.
- Fixed assets, investments, and similar assets have been indexed based on their acquisition values, ensuring they do not exceed market values. Depreciation expenses have been adjusted in a similar manner. Amounts within equity have been recalculated based on the application of general price indices at the time these amounts were contributed to or arose within the company.
- All items in the income statement, except those affecting the income statement due to non-monetary items in the balance sheet, have been indexed using coefficients calculated based on the periods when income and expenses were initially reflected in the financial statements.
- The gain or loss resulting from general inflation on the net monetary position is the difference between the adjustments made to non-monetary assets, equity items, and income statement accounts. This gain or loss calculated on the net monetary position is included in the net income.

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

2.1) Basis of Presentation (Cont.)

The impact of applying the TAS 29 Inflation Accounting standard is summarized as follows:

Reorganization of the Financial Position Statement

Amounts in the financial position statement that are not expressed in the measurement unit currency applicable at the end of the reporting period are restated. Accordingly, monetary items are not restated as they are expressed in the currency current at the end of the reporting period. Non-monetary items need to be restated unless they are shown at their current amounts at the end of the reporting period.

The gain or loss on the net monetary position resulting from the restatement of non-monetary items is included in the net income and presented separately in the comprehensive income statement."

Reorganization of the Profit or Loss Statement

All items in the income statement are expressed in the measurement unit currency applicable at the end of the reporting period. Therefore, all amounts have been restated by applying changes in the monthly general price index.

The cost of goods sold has been adjusted using the restated inventory balance.

Depreciation and amortization expenses have been adjusted using the restated balances of property, plant, and equipment, intangible assets, investment properties, and right-of-use assets.

Correction of financial statements during periods of high inflation (continued)

Reorganization of the Cash Flow Statement

All items in the cash flow statement are expressed in the measurement unit currency applicable at the end of the reporting period.

Consolidated financial statements

The financial statements of an associate, whose functional currency is the currency of a high-inflation economy, are restated by applying the general price index before being included in the consolidated financial statements prepared by the parent entity. If such an associate is a foreign entity, the restated financial statements are translated at the closing rate.

When consolidating financial statements with different reporting period ends, all monetary or non-monetary items are restated based on the measurement unit currency applicable at the date of the consolidated financial statements.

Comparative figures

The relevant figures from the previous reporting period are restated by applying the general price index to be presented in the measurement unit currency applicable at the end of the reporting period for the comparative financial statements. Information disclosed for previous periods is also expressed in the measurement unit currency applicable at the end of the reporting period.

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.)

2.1) Basis of Presentation (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.)

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 financial statements for the fiscal year ending on March 31, 2024 were prepared based on the accounting policies outlined below. These policies have been consistently applied, except for the new and amended TFRS standards and TFRS interpretations that were effective as of January 1, 2024. The effects of these standards and interpretations on the Group's financial position and performance are explained in the relevant paragraphs.

The new standards, amendments and interpretations which are effective as of December 31, 2023 are as follows:

- Amendments to TAS 1 Disclosure of Accounting Policies

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

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

- Amendments to TAS 8 Definition of Accounting Estimates

With this amendment, the definition of "a change in accounting estimates" has been replaced with the definition of "an accounting estimate", sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified. Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

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

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

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

2.2) Changes in Turkish Financial Reporting Standards (Cont.)

- Amendments to TFRS 17 Insurance Contracts and Initial Application of TFRS 17 and TFRS 9 — Comparative Information

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application. The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before. Amendments are effective with the first application of TFRS 17.

- Amendments to TAS 12 International Tax Reform — Pillar Two Model Rules

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023.

These changes do not have a significant impact on the financial status and performance of the Group.

Standards and amendments that were published but not yet effective as of 31 December 2023:

- TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of 1 January 2024 for insurance and reinsurance and pension companies.

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

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 Insurance Contracts from applying TFRS 9, so that insurance and reinsurance and pension companies would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2024 with the deferral of the effective date of TFRS 17.

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

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

- Amendments to TFRS 16 Lease Liability in a Sale and Leaseback

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

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

2.2) Changes in Turkish Financial Reporting Standards (Cont.)

- Amendments to TAS 1 Non-current Liabilities with Covenants

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Amendments are effective from annual reporting periods beginning on or after 1 January 2024. The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

- Amendments to TAS 7 and TFRS 7 Supplier Finance Arrangements

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

The effects of these changes on the financial status and performance of the Group are evaluated.

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.

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

"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.

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".

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

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.

Inventories

Inventories are valued at less than the net net realizable 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.

Net Off

The fact that a financial asset and debt are offset together, and the net amount is shown on the balance sheet, but 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 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 March 31, 2024 are consistent with the estimates used during the preparation of financial statements for the period that ended on December 31, 2023. 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.

NOTE 3 – BUSINESS COMBINATIONS

None (December 31, 2023: None)

NOTE 4 – SHARES IN OTHER COMPANIES

Details of interests in other entities are as follows;

	31.03.2024	31.12.2023
Subsidiaries	945.461	1.106.122
Total	945.461	1.106.122

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES RELATED UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

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

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) Short-Term Trade Receivables

None (December 31, 2023: None)

(b) Short-Term Trade Payables

None (December 31, 2023: None)

(c) Short Term Prepaid Expenses

None (December 31, 2023: None)

(d) Purchases

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

	31.03.2024	31.12.2023
SKY Fuarçılık A.Ş. (*)		215.755
Shareholders (**)	2.812.500	8.629.772
Total	2.812.500	8.845.527

(*) The debt relationship with SKY Fuarçılık A.Ş. is due to rent expense.

(**) Includes rent paid for the office rented from Barış Göktürk and Yüksel Göktürk, shareholders of the Company.

(e) Sales

None (December 31, 2023: 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:

	31.03.2024	31.12.2023
Salary and honorarium payments	1.452.901	5.287.728
Total	1.452.901	5.287.728

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

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

	31.03.2024	31.12.2023
Checks received	430.719.069	354.261.556
Trade receivables	152.316.042	171.730.839
Notes receivable	400.000	
Rediscount of notes and checks receivable (-)	--	(8.290.646)
Trade receivables IFRS 9 expected credit loss	(2.452.787)	(2.822.266)
Provision for doubtful receivables	73.886	2.362.973
Provision for doubtful trade receivables (-)	(73.886)	(2.362.973)
Total	580.982.324	514.879.483

Average collection maturity of trade receivables is 162 days (31.12.2023: 163 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 June 2023 - 31 May 2024 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 31 March 2024, the Company's customers are within the scope of Euler Hermes Sigorta A.Ş. There is an insurance coverage limit of USD 12.110.400 for 539 customers and EUR 2.797 for 32 customers. In addition, the Company has a DBS secured limit of TRY 103.790.000 for its 154 customers with 100% bank guarantee, which is allocated to its customers at 14 banks. In addition, there is a letter of guarantee limit of TRY 650.000 in total for 3 customers.

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

	31.03.2024	31.12.2023
Opening	2.362.973	8.055.244
Increase during the period	--	--
Provisions no longer required	(2.289.087)	(5.692.271)
Closing	73.886	2.362.973

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES RELATED UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

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

(b) Short Term Trade Payables

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

	31.03.2024	31.12.2023
Suppliers	32.807.152	193.299.056
Notes Receivables	2.703.689	2.067.149
Other payables from related parties	--	--
Other trade payables	27.442.998	31.008.793
Rediscount on payables(-)	--	(756.321)
Total	62.953.839	225.618.677

The average payment term of trade payables is 77 days (31.12.2023: 60 days.)

The Company has no Long Term Trade Payables as of March 31, 2024 and December 31, 2023.

NOTE 8 – RECEIVABLES AND PAYABLES FROM FINANCE SECTOR ACTIVITIES

	31.03.2024	31.12.2023
Private sector bonds and bills	33.398.247	52.215.858
Stocks and shares	--	9.351.566
Toplam	33.398.247	61.567.424

As of March 31, 2024, the Company has no restricted bank balance. (As of December 31, 2023, the Company has no restricted bank balance).

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

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

	31.03.2024	31.12.2023
Deposits and guarantees given	89.186	45.032
Receivables from personnel	449.400	458.529
Other receivables	8.624.971	22.060.213
Total	9.163.557	22.563.774

(b) Other Long-Term Receivables

None (December 31, 2023: None)

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES RELATED UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

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

(c) Other Short-Term Liabilities

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

	31.03.2024	31.12.2023
Taxes and funs payable	3.111.431	8.442.150
Other	--	2.246.319
Total	3.111.431	10.688.469

NOTE 10 – INVENTORIES

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

	31.03.2024	31.12.2023
Trade goods	518.239.844	683.258.419
Other Inventories	1.480.000	1.702.942
Total	519.719.844	684.961.361

As of 31 March 2024, and 31 December 2023, the Company has no inventory impairment.

NOTE 11 – BIOLOGICAL ASSETS

None (December 31, 2023: None)

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

	31.03.2024	31.12.2023
Advances given to orders	504.071	31.775.339
Expenses for the following months	4.128.769	9.817.408
Business advances	--	1.192.180
Advances given to staff	29.050	--
Total	4.661.890	42.784.927

(b) Long-Term Prepaid Expenses

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

	31.03.2024	31.12.2023
Expenses for the following years	84.579	39.544
Total	84.579	39.544

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES RELATED UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

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

(c) Short Term Deferred Income

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

	31.03.2024	31.12.2023
Liabilities arising from customer contracts	--	5.009.357
Income for the following months	26.052	55.969
Total	26.052	5.065.326

NOTE 13 – INVESTMENT PROPERTIES

None (December 31, 2023: None)

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES RELATED UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

(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:

	31.12.2022	Purchases	Transfers	Disposals	31.12.2023	Purchases	Transfers	Disposals	31.03.2024
Cost									
Land And Plots	57.830.100	--	--	--	57.830.100	--	--	--	57.830.100
Machinery, Plant and Equipment	41.455.908	2.096.277	--	(4.395.037)	39.157.149	--	--	--	39.157.149
Vehicles	25.212.975	38.193.017	--	(5.895.322)	57.510.670	--	--	--	57.510.670
Fixed Assets	26.412.536	1.761.633	--	--	28.174.169	84.404	--	--	28.258.573
Ongoing Investments	64.527.037	46.871.880	--	--	111.398.917	334.803	--	--	111.733.721
	215.438.556	88.922.807	--	(10.290.359)	294.071.005	419.207	--	--	294.490.212
Accumulated Depreciation									
Machinery, Plant and Equipment	16.327.765	3.509.166	--	(895.496)	18.941.434	852.477	--	--	19.793.911
Vehicles	16.208.777	6.368.493	--	(683.752)	21.893.518	2.783.691	--	--	24.677.209
Fixed Assets	10.929.066	2.796.244	--	--	13.725.310	683.932	--	--	14.409.242
	43.465.608	12.673.903	--	(1.579.248)	54.560.263	4.320.100	--	--	58.880.361
Net Book Value	171.972.948				239.510.742				235.609.851

As of 31 March 2024, the Company does not have any pledges or mortgages on Tangible Fixed Assets.

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES RELATED UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

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

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

None (December 31, 2023: None)

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

None (December 31, 2023: None)

NOTE 17 – INTANGIBLE ASSETS

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

	31.12.2022	Addition	Transfers	Disposal	31.12.2023	Addition	Transfers	Disposal	31.03.2024
Cost									
Rights	2.077.588	10.818	--	--	2.088.406	7.562	--	--	2.095.968
Total	2.077.588	10.818	--	--	2.088.406	7.562	--	--	2.095.968
Accumulated Depreciation									
Rights	1.000.547	191.358	--	--	1.191.905	38.424	--	--	1.230.329
Total	1.000.547	191.358	--	--	1.191.905	38.424	--	--	1.230.329
Net Book Value	1.077.041				896.501				865.639

NOTE 18 – GOODWILL

None (March 31, 2023: None)

NOTE 19 – INVESTIGATION AND EVALUATION OF MINERAL RESOURCES

None (March 31, 2023: None)

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES RELATED UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

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

NOTE 20 – RENT OPERATIONS**(a) Right-of-use assets (TFRS-16)**

The balances of right-of-use assets as of December 31, 2023 and March 31, 2024 and the depreciation and amortization expenses in the relevant period are as follows:

	01.01.2022	Addition	Disposal	31.12.2023	Addition	Disposal	31.03.2024
Cost							
Buildings	27.379.634	80.892.095	(27.379.634)	80.892.095	-	--	80.892.095
Special Costs	65.001.670	208.090	--	65.209.760	615.805	--	65.825.565
Total	92.381.304	81.100.185	27.379.634	146.101.855	615.805	--	146.717.660
Accumulated Depreciation							
Buildings							
Special Costs	(13.466.561)	(27.346.776)	20.311.469	(20.501.867)	(5.125.467)	-	(25.627.334)
	(45.964.899)	(7.332.573)	--	(53.297.473)	(1.804.051)	-	(55.101.524)
Total	(59.431.460)	(34.679.349)	20.311.469	(73.799.340)	(6.929.518)	--	(80.728.858)
Net Book Value							
	32.949.844			72.302.515			65.988.802

As of March 31, 2024, the total of the future minimum lease liability within the framework of non-cancellable operating leases is as follows;

	31.03.2024	31.12.2023
Payables from rental transactions (Short term)	9.369.675	10.781.088
Payables from rental transactions (Long term)	25.878.624	29.776.882
Total	35.248.299	40.557.970

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, 2023: None)

NOTE 22– IMPAIRMENT ON ASSETS

	31.03.2024	31.12.2023
Doubtful trade receivables	73.886	2.362.973
Total	73.886	2.362.973

NOTE 23 – GOVERNMENT INCENTIVES

None (December 31, 2023: None)

NOTE 24 – BORROWING COSTS

For the period ended as of March 31, 2024, there is no borrowing cost added to the cost of assets directly related to the assets. (31 December 2023 - None) Borrowing costs are included in the statement of profit or loss.

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:

	31.03.2024	31.12.2023
Unused leave liability	391.503	450.478
Total	391.503	450.478

(b) Other Short-Term Provisions

None (December 31, 2023: None)

(c) Long-Term Provisions for Employee Benefits

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

	31.03.2024	31.12.2023
Severance pays liability	3.428.615	2.801.973
Total	3.428.615	2.801.973

Under Turkish Labour Law, Yükselen 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 35.059 effective from March 31, 2024 (December 31, 2023: TRY 23.489).

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.

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES RELATED UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

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

As of 31 March 2024, the provisions in the accompanying financial statements are calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. As of the 31 March 2024, the provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 19,00% and an interest rate of 22.00%, resulting in a real discount rate of 2.52%. (31 December 2023: %3,10 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.

	01.01.2024- 31.03.2024	01.01.2023- 31.12.2023
Opening balance	2.801.973	1.812.158
Service costs	584.959	955.750
Interest cost	41.683	34.065
End of period	3.428.615	2.801.973

NOTE 26 – COMMITMENTS

- Letters of Guarantee Taken

	31.03.2024	31.12.2023
Letters of guarantee taken	1.450.000	747.914
Total	1.450.000	747.914

As of March 31, 2024 and December 31, 2023, there is no mortgage on Company's assets.

- Letters of Guarantee given

	31.03.2024	31.12.2023
Letters of guarantee given	117.450.312	115.036.452
Total	117.450.312	115.036.452

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES RELATED UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

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

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

	31.03.2024	31.12.2023
A. Total amount of GMP that Issued on behalf of the legal entity	117.450.312	115.036.452
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	117.450.312	115.036.452
The ratio of other GSM's to the Company's equity	0,00	0,00

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:

	31.03.2024	31.12.2023
Payables to Personnel	3.051.376	197.166
Social Security Deductions Payable	1.113.767	846.736
Total	4.165.143	1.043.902

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

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

	01.01.2024- 31.03.2024	01.01.2023- 31.12.2023
Personnel expenses	(7.834.979)	(5.410.644)
Depreciation and Amortization	(2.543.384)	(631.495)
Office Expenses	(1.718.911)	(663.927)
Insurance Expenses	(968.892)	(1.130.750)
Electricity, Water, Natural Gas Expenses	(214.843)	(292.134)
Communication Expenses	(59.390)	(45.439)
Taxes and Duties Expenses	(253.910)	(6.211)
Other Expenses	(7.684.928)	(6.285.264)
Total	(21.279.237)	(14.465.864)

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:

	01.01.2024- 31.03.2024	01.01.2023- 31.12.2023
Personnel expenses	(8.647.005)	(8.894.555)
Shipping and cargo expenses	(1.900.540)	(2.528.288)
Depreciation and amortization	(1.815.138)	(1.021.209)
Repair and maintenance expenses	(46.900)	(142.943)
Vehicle Expenses	(325.476)	(602.657)
External Benefits and Services	(4.858.782)	(5.408.670)
Insurance expenses	(257.753)	(335.427)
Other expenses	(5.539.273)	(1.414.655)
Total	(23.390.867)	(20.348.404)

(c) Research and Development Expenses (-)

None (December 31, 2023: None)

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

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

	31.03.2024	31.12.2023
Income accruals	1.197.560	361.134
Value Added Tax Carried Forward	--	25.354.692
Other VAT	--	665.559
Total	1.197.560	26.381.385

(b) Other Short Term Liabilities

	31.03.2024	31.12.2023
Expense Accruals	70.280	202.168
Total	70.280	202.168

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:

	31.03.2024		31.12.2023	
	Share Amount (TRY)	Share Ratio (%)	Share Amount (TRY)	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%
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 31.03.2024, 450,000 shares at a rate of 0.36% in the public part belong to Barış Gökürk, 290,797 shares at a rate of 0.23% belong to Yüksel Gökürk, and 100,068 shares at a rate of 0.08% belong to Ferhan Gökürk.

(b) Share Premiums/(Discounts)

None (December 31, 2023: None)

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

	31.03.2024	31.12.2023
Defined Benefit Plans Re-Measurement Gains (Losses) (*)	(452.984)	(452.984)
Total	(452.984)	(452.984)

(*) 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:

	31.03.2024	31.12.2023
Foreign Currency Translation Differences	(2.670)	337.135
Total	(2.670)	337.135

NOTE 30 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont.)**(e) Retained Earnings/(Losses)**

The details of the retained earnings/losses account of the Company are as follows:

	31.03.2024	31.12.2023
Retained earnings/(losses)	45.129.540	214.480.066
Extraordinary Reserves	2.795.186	3.216.242
Total	47.924.726	217.696.308

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.

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.

(f) Restricted Reserves

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

	31.03.2024	31.12.2023
Legal reserves	36.319.424	36.319.424
Total	36.319.424	36.319.424

NOTE 30 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont.)**(g) Adjustment to Share Capital**

The details of the Company's capital adjustment differences are as follows:

	31.03.2024	31.12.2023
Adjustment to Share Capital	538.758.231	538.758.231
Total	538.758.231	538.758.231

NOTE 31 – REVENUE AND COST OF SALES

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

	01.01.2024- 31.03.2024	01.01.2023- 31.12.2023
Domestic sales	374.029.309	494.707.735
Foreign sales	7.281.162	60.618.947
Other sales	548.648	520.941
Gross sales	381.859.119	555.847.622
Sales returns (-)	(3.066.945)	(3.048.535)
Sales discounts (-)	(16.305)	(80.371)
Net sales	378.775.869	552.718.717
Cost of sales (-)	(425.953.550)	(495.495.319)
Gross Profit/(Loss)	(47.177.681)	57.223.398

NOTE 32 – CONSTRUCTION CONTRACTS

(December 31, 2023- 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;

	01.01.2024- 31.03.2024	01.01.2023- 31.03.2023
General and administrative expenses (-)	(21.279.237)	(14.465.864)
Marketing expenses (-)	(23.390.867)	(20.348.404)
Total	(44.670.104)	(34.814.268)

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

	01.01.2024- 31.03.2024	01.01.2023- 31.03.2023
Rediscount Income	7.205.271	9.146.296
Foreign Exchange Gains	16.876.802	4.103.117
Provisions that are no longer relevant	1.979.737	--
Other Income and Profit	2.040.101	1.893.496
Total	28.101.911	15.142.909

(b) Other Expenses from Main Operations (-)

	01.01.2024- 31.03.2024	01.01.2023- 31.03.2023
Exchange Rate Difference Expenses	(20.905.111)	(6.107.341)
Rediscount Interest Expense	(657.307)	(15.091.253)
Other Expenses	(1.011.200)	(761.325)
Total	(22.573.618)	(23.959.919)

NOTE 35 – INCOME / (EXPENSES) FROM INVESTMENT OPERATIONS**(a) Other income from investing activities**

	01.01.2024- 31.03.2024	01.01.2023- 31.03.2023
Fixed asset sales profits	--	199.563
Financial asset sales profits	7.819.322	--
Total	7.819.322	199.563

(b) Other Income from Investing Activities

	01.01.2024- 31.03.2024	01.01.2023- 31.03.2023
Gain on Sale of Fixed Assets	(114.880)	--
Total	(114.880)	--

(c) Impairment/(cancellation of impairment) in Accordance with TFRS 9

	01.01.2024- 31.03.2024	01.01.2023- 31.03.2023
Impairment/(cancellation of impairment) in Accordance with TFRS 9	--	153.213
Total	--	153.213

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

	01.01.2024- 31.03.2024	01.01.2023- 31.12.2023
General and Administrative Expenses	(2.543.384)	(631.496)
Marketing, Sales and Distribution Expenses	(1.815.138)	(1.021.209)
Total	(4.358.522)	(1.652.705)

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

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

	01.01.2024- 31.03.2024	01.01.2023- 31.03.2023
Interest income	9.202.652	8.810.808
Exchange differences income	325.241	2.915.995
Total	9.527.893	11.726.803

(b) Financial expenses

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

	01.01.2024- 31.03.2024	01.01.2023- 31.03.2023
Interest expense	(37.935.818)	(24.138.292)
Exchange differences expense	(2.402.174)	(3.304.853)
Bank commissions expenses	(7.602.699)	--
Total	(47.940.691)	(27.443.145)

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

	31.03.2024	31.12.2023
Gains (Losses) from Foreign Currency Translation Differences Related to the Translation of Businesses Abroad	--	(492.100)
	--	98.420
Total	--	(393.680)

NOTE 39 – ASSETS HELD FOR SALE AND DISCONTUINED OPERATIONS

None. (December 31, 2023: 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 2024 is 25% for the Company. (31.12.2023: 25%)

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:

	31.03.2024	31.12.2023
Corporate tax provision	18.359.332	11.433.487
Prepaid corporate tax (-)	(7.070.147)	(8.135.170)
(Payable)/refundable corporate tax	11.289.185	3.298.317
	01.01.2024- 31.03.2024	01.01.2023- 31.03.2023
Tax income / (expense) in the income statement		
Corporate tax provision	(2.098.305)	(3.292.593)
Deferred tax income / (expense), net	9.002.482	(21.329.465)
Total tax income / (expense), net	6.904.177	(24.622.058)

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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 2023 and 2024 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, 2023. Within the scope of the said law, deferred tax assets and liabilities in the financial statements dated 30 March 2024 are calculated with 20% tax rates for the part of temporary differences that will have tax effects in 2023 and 2024.

	31.03.2024		31.12.2023	
Deferred tax assets:				
Doubtful trade receivables	(3.224.337)	644.867	(3.710.039)	742.008
Receivable rediscounts	--	--	(8.290.646)	1.658.129
Regulations on leases	456.636	(91.327)	(2.164.633)	432.927
Expected credit losses (receivables)	(2.452.787)	490.557	(2.822.266)	564.453
Exchange rate differences	--	--	(641.388)	128.278
Provision for unused vacation	(391.503)	78.301	(450.478)	90.096
Provision for employment termination benefits	(3.428.615)	685.723	(2.801.973)	560.395
VUK valuation dzt building	(51.561.037)	10.312.207	(59.327.997)	11.865.599
VUK valuation dzt other	(4.778.974)	477.897	(5.498.861)	549.886
TFRS Inflation Adjustments	(302.844.539)	60.568.908	(275.903.570)	55.180.714
Deferred tax assets:	(368.225.156)	73.167.133	(361.611.851)	71.772.485
Deferred tax liabilities				
Depreciation Adjustments	11.660.049	(1.166.005)	4.476.845	(447.684)
Tangible and intangible asset arrangements	2.849.486	(569.897)	3.278.722	(327.872)
Revaluation Funds Recognized as Income	5.985.916	(598.592)	6.887.612	(688.761)
Debt rediscounts	--	--	756.321	(151.264)
Derivative instruments	--	--	--	--
Regulations on inventories	20.428.013	(4.085.603)	36.657.900	(7.331.580)
Bank Loans	--	--	--	--
TPL Inflation Adjustment Reversals - Lands	8.934.803	(893.480)	10.280.708	(1.028.071)
TPL Inflation Adjustment Cancellations	164.176.179	(32.835.236)	188.907.061	(37.781.412)
Other				
Deferred tax liabilities	214.034.446	(40.148.813)	251.245.168	(47.756.645)
Deferred tax assets (liabilities), net		33.018.321		24.015.840

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES RELATED UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

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

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:

	01.01.2023- 31.12.2023	01.01.2022- 31.12.2022
Net Profit for The Period as A Share of The Parent Company	(61.813.258)	(87.068.270)
Weighted Average Number of Issued Ordinary Shares (1 TRY Each)	125.000.000	125.000.000
Pay başına kazanç (TL)	(0,49)	(0,70)

NOTE 42 – SHARE-BASED PAYMENTS

None. (December 31, 2023: None)

NOTE 43 – INSURANCE CONTRACTS

None. (December 31, 2023: None)

NOTE 44 – EFFECTS OF CURRENCY CHANGE

The foreign exchange risk of the company as of March 31, 2024 is shown in the table in Note: 47, and as of the accounting period ending on March 31, 2024, 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

The details of the Company's Net Monetary Position Gains (Losses) are as follows:

	01.01.2024- 31.03.2024	01.01.2023- 31.03.2023
Net Monetary Position Gains (Losses)	48.310.413	(62.674.766)
Total	48.310.413	(62.674.766)

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES RELATED UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

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

NOTE 46 – DERIVATIVE INSTRUMENTS

None. (December 31, 2023: None)

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

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

	31.03.2024	31.12.2023
Bank credits	448.351.842	339.115.816
Bonds and notes issued	--	115.063.623
Other financial debts	248.394	295.897
Total	448.600.236	454.475.336

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

	31.03.2024	31.12.2023
Right of use liability	9.369.675	10.781.088
Bank credits	193.600.898	277.045.768
Total	202.970.573	287.826.856

(c) Long Term Borrowings

	31.03.2024	31.12.2023
Bank credits	88.685.075	85.638.126
Payables from rental transactions	25.878.624	29.776.882
Total	114.563.699	115.415.008

(d) Principal Payment Terms Of Bank Loans And Financial Leasing

Maturities of bank loans are presented below;

	31.03.2024	31.12.2023
To be paid within 1 year	651.570.809	742.302.191
Will be paid within 1 - 5 years	114.563.699	115.415.008
Total	766.134.508	857.717.199

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES RELATED UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

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(e) Short Term Financial Investments

	31.03.2024	31.12.2023
Private sector bonds and bills	33.398.247	52.215.858
Stocks and shares	--	9.351.566
Total	33.398.247	61.567.424

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:

	31.03.2024	31.12.2023
Total debt	852.432.183	1.106.886.510
Less: Cash and cash equivalents	(51.252.003)	(163.763.424)
Net debt	801.180.180	943.123.086
Total equity	685.733.469	747.886.533
Debt/Equity Ratio	1,17	1,26

	31.03.2024	31.12.2023
Total financial debt	766.134.508	857.717.199
Less: Cash and cash equivalents	(51.252.003)	(163.763.424)
Net financial debt	714.882.505	693.953.775
Total Equity	685.733.469	747.886.533
Invested Capital	125.000.000	125.000.000
Net Financial Debt/Investment Capital Ratio	5,72	5,55

(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.

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES RELATED UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

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

31.03.2024	Book value	Cashflow according to the agreement	0-1 Year	1-5 years
Non-derivative financial liabilities	836.364.921	836.364.921	768.306.094	68.058.827
Financial payables	766.134.508	766.134.508	651.570.809	114.563.699
Payables under employee benefits	4.165.143	4.165.143	4.165.143	--
Trade and other payables	66.065.270	66.065.270	66.065.270	--
Derivative financial liabilities	--	--	--	--
Total	836.364.921	836.364.921	721.801.222	114.563.699

31.12.2023	Book Value	Cashflow according to the agreement	0-1 Year	1-5 years
Non-derivative financial liabilities	1.095.068.247	1.095.068.247	1.009.430.121	85.638.126
Financial payables	857.717.199	857.717.199	742.302.191	115.415.008
Payables under employee benefits	1.043.902	1.043.902	1.043.902	--
Trade and other Payables	236.307.146	236.307.146	236.307.146	--
Derivative financial liabilities	--	--	--	--
Total	1.095.068.247	1.095.068.247	979.653.239	115.415.008

(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.

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

- 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:

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

	31.03.2024			
	TRY			
	Equivalent	USD	EURO	Other
1. Trade Receivables	13.366.876	299.528	139.661	--
2a. Monetary Financial Assets (including cash, banks)	7.447.486	128.141	112.828	--
2b. non-monetary financial assets	--	--	--	--
3. Other	32.186.927	1.085.765	6.876	--
4. Current Assets (1+2+3)	53.001.290	1.513.434	259.364	--
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)	53.001.290	1.513.434	259.364	--
10.Trade Payables	62.040.505	2.093.092	9.576	--
11.Financial Liabilities	--	--	--	--
12a.Other monetary financial liabilities	4.123.804	111.602	25.512	--
12b.Other non-monetary financial liabilities	--	--	--	--
13. Short-Term Liabilities (10+11+12)	66.164.310	2.204.694	35.088	--
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))	66.164.310	2.204.694	35.088	--
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)	(13.163.020)	(691.260)	224.276	--
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(45.349.947)	(1.777.024)	217.400	--
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	18.119.649	162.397	391.950	--
26. Import	88.608.937	2.920.556	--	--

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

31.12.2023

	TRY	USD	Euro	Other
	Equivalent			
1. Trade Receivables	23.800.108	809.043	--	--
2a. Monetary Financial Assets (including cash, banks)	9.384.049	260.235	53.103	--
2b. Non-monetary financial assets	--	--	--	--
3. Other	23.966.802	801.012	12.380	--
4. Current Assets(1+2+3)	57.150.960	1.870.290	65.483	--
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)	57.150.960	1.870.290	65.483	--
10. Trade Payables	176.562.810	5.976.883	996	--
11. Financial Liabilities	--	--	--	--
12a. Other monetary financial liabilities	--	--	--	--
12b. Other non-monetary financial liabilities	--	--	--	--
13. Short-Term Liabilities (10+11+12)	176.562.810	5.976.883	996	--
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)	176.562.810	5.976.883	996	--
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)	(119.411.850)	(4.106.593)	64.486	--
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	- 143.378.653	- 4.907.605	52.107	--
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	166.539.878	5.475.199	1.555.672	--
26. Imports	682.997.327	26.345.118	2.986.836	--

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

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

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.

	Profit/(Loss)		Equity	
	The appreciation of foreign currency	The depreciation of foreign currency	The appreciation of foreign currency	The depreciation of foreign currency
31.03.2024				
In case of appreciation/depreciation of USD against TRY at 10%				
1- USD net asset/liabilities	(2.046.651)	2.046.651	(2.046.651)	2.046.651
2- Part of hedged (-)	--	--	--	--
3- USD net effect (1+2)	(2.046.651)	2.046.651	(2.046.651)	2.046.651
In case of appreciation/depreciation of EURO against TRY at 10%				
4- EURO net asset/liabilities	730.349	(730.349)	730.349	(730.349)
5- Part of hedged (-)	--	--	--	--
6- EUR net effect (4+5)	730.349	(730.349)	730.349	(730.349)
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)	(1.316.302)	1.316.302	(1.316.302)	1.316.302
31.12.2023				
In case of appreciation/depreciation of USD against TRY at 10%				
1- USD net asset/liabilities	(12.151.081)	12.151.081	(12.151.081)	12.151.081
2- Part of hedged (-)	--	--	--	--
3- USD net effect (1+2)	(12.151.081)	12.151.081	(12.151.081)	12.151.081
In case of appreciation/depreciation of EURO against TRY at 10%				
4- EURO net asset/liabilities	209.896	(209.896)	209.896	(209.896)
5- Part of hedged (-)	--	--	--	--
6- EUR net effect (4+5)	209.896	(209.896)	209.896	(209.896)
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)	(11.941.185)	11.941.185	(11.941.185)	11.941.185

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	
	31.03.2024	31.12.2023
Fixed rate instruments		
Financial liabilities	766.134.508	857.717.199
Total	766.134.508	857.717.199
Floating rate instruments		
Financial liabilities	--	--
Total	--	--

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES RELATED UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

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

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
31.03.2024	Related Parties	Other Parties	Related Parties	Other Parties		
Maximum credit risk exposed as of the reporting date	--	580.982.324	--	9.163.557	51.123.429	641.269.310
- The part of the maximum risk secured by collateral	--	--	--	--	--	--
A- Net book value of financial assets that are not overdue or impaired	--	580.982.324	--	9.163.557	51.123.429	641.269.310
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	--	73.886	--	--	--	73.886
- impairment	--	(73.886)	--	--	--	(73.886)
E- Factors that include off balance sheet credit risks	--	--	--	--	--	--

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES RELATED UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

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

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
31.12.2023	Related Parties	Other Parties	Related Parties	Other Parties		
Maximum credit risk exposed as of the reporting date	--	514.879.483	--	22.563.774	163.757.944	701.201.201
- The part of the maximum risk secured by collateral	--	--	--	--	--	--
A- Net book value of financial assets that are not overdue or impaired	--	514.879.483	--	22.563.774	163.757.944	701.201.201
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	--	2.362.973	--	--	--	2.362.973
- impairment	--	(2.362.973)	--	--	--	(2.362.973)
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
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

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

31.03.2024	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	--	--	51.252.003	--	51.252.003	53
Trade receivables	--	--	580.982.324	--	580.982.324	7
Other receivables	--	--	9.163.557	--	9.163.557	9
Receivables from related parties	--	--	--	--	--	6
Other financial assets	--	--	33.398.247	--	33.398.247	8
Financial Liabilities						
Financial liabilities	--	--	--	766.134.508	766.134.508	47
Trade payables	--	--	--	62.953.839	62.953.839	7
Other liabilities	--	--	--	3.111.431	3.111.431	9
Payables from related parties	--	--	--	--	--	6
Other financial liabilities	--	--	--	--	--	8

31.12.2023	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	--	--	163.763.424	--	163.763.424	53
Trade receivables	--	--	514.879.483	--	514.879.483	7
Other receivables	--	--	22.563.774	--	22.563.774	9
Receivables from related parties	--	--	--	--	--	6
Other financial assets	--	--	61.567.424	--	61.567.424	8
Financial Liabilities						
Financial liabilities	--	--	--	857.717.199	857.717.199	47
Trade payables	--	--	--	225.618.677	225.618.677	7
Other liabilities	--	--	--	10.688.469	10.688.469	9
Payables from related parties	--	--	--	--	--	6
Other financial liabilities	--	--	--	--	--	8

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 (December 31, 2023: None)

NOTE 52 – FIRST TRANSITION TO TMS

None (December 31, 2023: None)

NOTE 53 – DISCLOSURES ON CASH FLOW STATEMENT

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

	31.03.2024	31.12.2023
Cash	128.574	5.480
Banks	51.123.429	163.757.944
-Demand deposit	15.997.635	59.183.740
-Time Deposit	35.125.794	104.574.204
Total	51.252.003	163.763.424

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.

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