

YÜKSELEN ÇELİK A.Ş.

**FINANCIAL STATEMENTS FOR THE PERIOD
JANUARY 1- DECEMBER 31, 2021
WITH INDEPENDENT AUDITOR'S REPORT**

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

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AND FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

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(Convenience translation of a report and financial statements originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Yükselen Çelik A.Ş.

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the financial statements of Yükselen Çelik A.Ş. (the Company), which comprise the statement of financial position as at December 31, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRSs).

2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics for Independent Auditors* (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Other Matter

The audit of the company's financial statements prepared as of 31 December 2020 in accordance with TFRSs was carried out by another auditing company. The audit company has expressed an unqualified opinion in its audit report dated February 27, 2021.

4) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Recoverability of trade receivables Trade receivable is considered as a significant financial statement item as they represent 59% of the total assets in the statement of financial position. The collectibility of trade receivables is key elements of the Company's credit risk management and capital risk management and capital risk management also includes significant judgements and estimation of management. It requires significant management judgment to determine whether trade receivables may be collectible. The Group management assesses all other information together with the aging of trade receivables, the qualifications of the collaterals under the credit risk management and the collection performance in the subsequent period. Due to the magnitude of the amounts, the comprehensive and complexity of applications required due to adoption of TFRS 9 and also significant management judgments required for the collectability assessment, the existence and recoverability of trade receivables is considered as a key audit matter.	The following procedures have been applied regarding the recoverability of trade receivables: -In order to verify the existence of customer balances, balances were confirmed by considering third party confirmations. - The aging tables of trade receivables have been analysed and the collection turnover rate has been compared with prior years. -In order to confirm the trade receivable balance in the financial statement, the valuations affecting the trade receivable balance in the financial statement have been checked. - It has been assessed the appropriateness and reasonableness of the methods and data sources used in the calculation of the key judgements and estimations by management, and in accordance with TFRS 9 Financial Instruments. - It has been evaluated the sufficiency of the disclosures regarding the impairment of trade receivables and trade receivables and their compliance with TFRSs.
Accounting for inventories The Company carries the inventory at the amount at the lower of cost or net realizable value. The company uses the moving weighted average cost method in calculating the cost of inventories. This part has been identified as a key audit matter because of the Company's complex cost calculations and inventory reserves contain estimations.	During our audit, the following audit procedures regarding inventory valuations were applied: -The processes, methods and assumptions used to calculate the impairment on inventory items have been evaluated during the audit work. -Moving weighted average costs have been recalculated. -The inventory turnover rate was compared with the previous year and it has been checked whether there are any non-moving item. -The appropriateness of the explanations and footnotes in the financial statements regarding inventories has been evaluated within the framework of TFRS.

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5) Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

6) Auditor's Responsibilities for the Audit of the Financial Statements

In an independent audit, our responsibilities as the auditors are:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

- 1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on February 28,2022.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2021 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
- 3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Cem Uçarlar.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Cem Uçarlar, SMMM
Partner

February 28, 2022
Istanbul, Turkey

YÜKSELEN ÇELİK A.Ş.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

(Amounts are expressed in "Turkish Lira" unless otherwise indicated)

		Audited	Audited
		Current Period	Previous Period
	Notes	31 December 2021	31 December.2020
ASSETS			
Current Assets		502.734.732	195.778.710
Cash and Cash Equivalents	6	1.722.083	1.170.699
Financial Investments	7	19.050	-
Trade Receivables		317.037.621	92.660.137
<i>Trade Receivables From Non-Related Parties</i>	10	318.037.621	92.660.137
Other Receivables		35.747	16.299
<i>Other Receivables From Non-Related Parties</i>	11	35.747	16.299
Derivative Instruments	12	314.706	-
Inventories	13	132.462.586	81.361.581
Prepaid Expenses	15	50.062.968	20.347.389
Other Current Assets	26	79.400	222.605
Non-Current Assets		37.235.714	18.475.396
Property, Plant and Equipment	18	33.030.984	14.015.109
Right of Use Assets	14,18	3.866.377	4.248.921
Intangible Assets		231.058	100.941
<i>Other Intangible Assets</i>	19	231.058	100.941
Prepaid Expenses	15	107.295	5.610
Deferred Tax Asset	35	-	102.835
Other Receivables	11	-	1.980
<i>Other Receivables From Non-Related Parties</i>		-	1.980
TOTAL ASSETS		539.970.446	214.254.106

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

YÜKSELEN ÇELİK A.Ş.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

(Amounts are expressed in "Turkish Lira" unless otherwise indicated)

		Audited Current Period	Audited Previous Period
	Notes	31 December.2021	31 December 2020
LIABILITIES			
Current Liabilities		234.473.563	55.491.432
Short-Term Borrowings	8	110.150.577	4.147.984
Short Term Portions of Long Term Borrowings	8	15.085.623	591.228
Kiralama İşlemlerinden Kaynaklanan Yükümlülükler	8	1.242.969	763.400
Trade Payables		83.069.441	44.542.092
<i>Trade Payables To Non-Related Parties</i>	10	83.069.441	44.542.092
Employee Benefits Payables	20	496.215	255.228
Derivative Instruments	12	-	816.947
Deferred Income	15	6.620.831	2.436.565
Current Income Tax Liabilities	35	11.731.117	2.178.814
Other Current Liabilities	26	6.076.790	-
Non Current Liabilities		38.239.976	4.777.805
Long Term Borrowings	8	20.760.331	4.198.636
Long Term Provisions		3.872.069	579.169
Kiralama İşlemlerinden Kaynaklanan Yükümlülükler		576.547	4.033.599
<i>Long Term Provisions for Employee Benefits</i>	20	576.547	579.169
Deferred Tax Liabilities	35	13.031.029	-
EQUITY		267.256.907	153.984.869
Paid in Share Capital	27	125.000.000	125.000.000
Repurchased Shares (-)	27	-	(2.305.632)
Other Comprehensive Income/Expense Not to Be Reclassified To Profit Or Loss		(110.543)	(240.843)
Defined Benefit Plans Remeasurement Gains / Losses	27	(110.543)	(240.843)
Restricted Reserves from Retained Earnings	27	4.227.673	2.395.783
Retained Earnings / (Losses)	27	28.998.589	16.474.115
Net Profit / (Loss) For the Period		109.141.188	12.661.446
TOTAL LIABILITIES AND EQUITY		539.970.446	214.254.106

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

YÜKSELEN ÇELİK A.Ş.

**STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
AT 1 JANUARY-31 DECEMBER 2021**

(Amounts are expressed in "Turkish Lira" unless otherwise indicated)

		Audited Current Period	Audited Prior Period
	Notes	1 January- 31 December 2021	1 January- 31 December 2020
Revenue	28	678.717.588	183.742.707
Cost Of Sales (-)	28	(498.448.337)	(149.719.701)
GROSS PROFIT		180.269.251	34.023.006
Marketing, Sales And Distribution Expenses (-)	29-30	(14.197.194)	(5.683.359)
General Administrative Expenses (-)	29-30	(10.209.517)	(5.635.670)
Other Operating Income	31	33.770.735	16.468.440
Other Operating Expenses (-)	31	(29.617.769)	(23.405.937)
OPERATING PROFIT / (LOSS)		160.015.506	15.766.480
Income from Investment Activities	32	99.991	155.540
Expenses from Investment Activities (-)		-	(825.705)
OPERATING PROFIT/LOSS BEFORE FINANCIAL INCOME/EXPENSE		160.115.497	15.096.315
Financial Income	33	10.598.923	5.826.117
Financial Expense (-)	33	(24.481.467)	(5.131.810)
CONTINUING OPERATIONS PROFIT/ (LOSS) BEFORE TAX		146.232.953	15.790.622
Continuing Operations Tax Income/(Expense)	35	(37.091.765)	(3.129.176)
- Period Tax Income/(Expense)		(23.990.476)	(4.716.559)
- Deferred Tax Income/(Expense)		(13.101.289)	1.587.383
CONTINUING OPERATIONS PERIOD PROFIT / (LOSS)		109.141.188	12.661.446
Earnings/(Losses) Per Share			
Earnings Per Share From Continuing Operations	36	0,8638	0,2197
PERIOD PROFIT/LOSS		109.141.188	12.661.446
OTHER COMPREHENSIVE INCOME			
Items Not be Reclassified in Profit or Loss		130.300	(122.709)
Taxes on Other Comprehensive Income Not to be Reclassified to Profit or Loss		162.875	(157.319)
-Deferred Tax Income/Expense		(32.575)	34.610
OTHER COMPREHENSIVE INCOME/ (EXPENSE)		130.300	(122.709)
TOTAL COMPREHENSIVE INCOME		109.271.488	12.538.737

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

YÜKSELEN ÇELİK A.Ş.**CHANGES IN EQUITY STATEMENT
AT 1 JANUARY-31 DECEMBER 2021**

(Amounts are expressed in "Turkish Lira" unless otherwise indicated)

		Accumulated Other Comprehensive Income and Expenses not to be Reclassified to Profit or Loss				Retained Earnings			
	Notes	Paid in Capital	Repurchased Shares (-)	Share Premiums / Discounts	Defined Benefit Plans Remeasurement Gains/Losses	Restricted Reserves from Retained Earnings	Previous Years Profits/Losses	Net Profit /Loss For the Period	Total Equity
1 January 2020 (Beginning of the Period)	27	43.310.000	(2.305.632)	52.055.644	(118.134)	687.173	29.413.199	18.017.939	141.060.189
Transfers	27	-	-	-	-	1.708.610	16.309.330	(18.017.940)	-
Capital Increase		81.690.000	-	(52.055.644)	-	-	(29.248.413)	-	385.943
Total Comprehensive Income		-	-	-	(122.709)	-	-	12.661.446	12.538.737
- Net Profit/Loss for the Period	27	-	-	-	-	-	-	12.661.446	12.538.737
- Other Comprehensive Income		-	-	-	(122.709)	-	-	-	-
31.12.2020 (End of the Period)	27	125.000.000	(2.305.632)	-	(240.843)	2.395.783	16.474.115	12.661.446	153.984.869
1 January 2021 (Beginning of the Period)	27	125.000.000	(2.305.632)	-	(240.843)	2.395.783	16.474.115	12.661.446	153.984.869
Transfers	27	-	-	-	-	1.831.890	10.829.556	(12.661.446)	-
Dividend		-	-	-	-	-	(4.300.000)	-	(4.300.000)
Repurchased Shares (*)		-	2.305.632	-	-	-	5.994.918	-	8.300.550
Total Comprehensive Income		-	-	-	130.300	-	-	109.141.188	109.271.488
- Net Profit/Loss for the Period	27	-	-	-	-	-	-	109.141.188	109.141.188
- Other Comprehensive Income		-	-	-	130.300	-	-	-	130.300
31.12.2021 (End of the Period)	27	125.000.000	-	-	(110.543)	4.227.673	28.998.589	109.141.188	267.256.907

- (*) The company sold 1,245,878 shares of 'YKSLN' (which it purchased under the Price Stability Fund following its IPO in the last quarter of 2019) at an average unit price of TL 6.6624 within Borsa İstanbul on 05.05.2021. It was announced in advance within the scope of the "First Year Evaluation After IPO Information Bulletin" dated 14.11.2020, in which the sale of these shares, which have been withdrawn below the IPO price in order to protect the investor following the IPO and to ensure price stability, was announced in advance within the scope of the "Financial Results Bulletin (2020/2.Quarter)" announced on 07.08.2020. Due to the fact that the relevant shares have no relation to the main activity of the Company and for the use of the Company's resources in the company's activities, the total proceeds from the sale of these shares received with an amount of TL 2,305,632 at the end of 2019 are TL 8,300,550; the amount mentioned has been recovered by using it in the main activity of the Company and in the growth of the Company.

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

YÜKSELEN ÇELİK A.Ş.

CASH FLOW STATEMENT

AT 1 JANUARY-31 DECEMBER 2021

(Amounts are expressed in "Turkish Lira" unless otherwise indicated)

		Audited	Audited
		Current Period	Previous Period
		1 January- 31 December 2021	1 January- 31 December 2020
	Notes		
A) CASH FLOWS FROM OPERATING ACTIVITIES		(106.679.935)	(9.158.028)
PERIOD PROFIT / (LOSS)		109.141.188	12.661.446
Adjustments Related To Reconciliation Of Net Period Profit / Loss		62.065.326	7.101.066
Adjustments related To Depreciation And Amortization	14,18,19	4.367.038	2.670.356
Adjustments Related to Impairment (Reversal)		507.829	(106.014)
Adjustments Related To Receivables Impairment (Reversal)	31	507.829	(106.014)
Adjustments Related to Provisions		160.253	119.795
Adjustments Related to Provision (Reversal) for Employee Benefits	24	160.253	119.795
Adjustments Related to Interest Income/Expenses		19.938.441	1.457.769
Adjustments Related to Interest Income	32	(169.276)	(11.359.830)
Adjustments Related to Interest Expenses	33	20.281.181	9.000.759
Deferred Financial Expense from Term Purchases	10	(173.464)	5.531.492
Unearned Financial Income from Term Sales	10	-	(1.714.652)
Adjustments Related to Tax Income/ (Expenses)	35	37.091.765	3.129.176
Adjustments Related to Tangible and Intangible Assets		-	(155.540)
Changes in Working Capital		(263.448.276)	(23.078.817)
Adjustments Related to Decrease/(Increase) in financial Investments		(19.050)	-
Adjustments Related to Decrease/(Increase) in Trade Receivables		(225.885.313)	(17.670.575)
Increase/(Decrease) in Trade Receivables from Third Parties		(225.885.313)	(17.670.575)
Adjustments Related To (Increase) In Other Receivables Related to Operations		(17.468)	4.679
Increase/(Decrease) In Other Receivables Related To Operations from Third Parties		(17.468)	4.679
Adjustments Related To (Increases) / Decreases In Inventories		(51.101.005)	(1.872.457)
Prepaid Expenses Decrease/(Increase)		-	(18.129.993)
Adjustments Related To Increase/(Decrease) In Trade Payables		38.700.813	4.574.748
Increase/(Decrease) in Trade Payables to Third Parties		38.700.813	4.574.748
Adjustments Related To Decrease / (Increase) In Other Payables Related To Operations		(4.822.582)	475.180
Increase/(Decrease) in Other Payables to Non-Related Parties		(4.822.582)	475.180
Decrease/(Increase) in Payables Related to Employee Benefits		240.987	36.648
Decrease/(Increase) in Deferred Income		4.184.266	2.061.520
Decrease/(Increase) in other activities related to operating activities		(24.728.924)	7.441.433
Total Cash Flows from Operating Activities		(92.241.762)	(3.316.305)
Tax Returns / (Payments)	22	(14.438.173)	(5.728.223)
Payments related to employee benefits		-	(113.500)
B) CASH FLOWS FROM INVESTING ACTIVITIES		(22.311.618)	(9.847.303)
Cash Inflows from Disposal of Property, Plant and Equipment and Intangible Assets			
Cash Inflows from Disposal of Property, Plant and Equipment	18	-	(9.847.303)
Cash OutFlows from Acquisition of Property, Plant and Equipment and Intangible Assets		(22.480.894)	38.736
Interest received		169.276	-
C) CASH FLOWS FROM FINANCING ACTIVITIES		129.543.508	(13.606.740)
Cash Outflows Resulting from Buying Its own Shares		8.300.550	-
Cash Inflows from Borrowings		392.713.035	29.094.196
Cash Outflows on Debt Payments		(251.889.550)	(41.818.712)
Cash Outflows from Lease Contract Payables		(331.542)	(882.224)
Interest paid		(19.248.985)	-
Net Increase/(Decrease) in Cash and Cash Equivalents		551.955	(32.612.071)
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	1.170.699	33.782.770
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	1.722.654	1.170.699

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

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021***(Amounts are expressed in Turkish Lira unless otherwise indicated)***1. COMPANY’S ORGANIZATION AND NATURE OF OPERATIONS**

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:34/1 Esenyurt İSTANBUL.

Contact Office 1:

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

Contact Office 2:

AOSB Mahallesi 10022 Sokak No: 18 Çiğli/İZMİR

As of 31 December 2021, the Company has 45 employees. (31 December 2020: 45)

As of 31 December 2021 and 31 December 2020, the capital and shareholding structure of the Company are as follows:

	31 December 2021		31 December 2020	
	Share Amount	Share Ratio	Share Amount	Share Ratio
Yüksel GÖKTÜRK	32.623.238	26,10%	41.373.238	%33,10
Bariş GÖKTÜRK	35.158.450	28,20%	26.408.450	%21,13
Burak GÖKTÜRK	17.605.634	14,08%	17.605.634	%14,08
Ferhan GÖKTÜRK	2.640.845	2,11%	2.640.845	%2,11
Listed	36.971.833	29,58%	36.971.833	%29,58
Total Capital	125.000.000	100 %	125.000.000	%100

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**2.1 Basis of Presentation****2.1.1 Preparation and Presentation Principles of Financial Statements**

The accompanying financial statements are prepared in accordance with Turkish Financial Reporting Standards (“TFRS”) published by Public Oversight Accounting and Auditing Standards Authority (“POA”) as set out in the Communiqué numbered II-14.1 “Communiqué on Principles of Financial Reporting in Capital Markets” published in the Official Gazette numbered 28676 on 13 June 2013. TFRS consist of standards and interpretations which are published as Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards, interpretations of TAS and interpretations of TFRS. The financial statements are presented in accordance with the TFRS Taxonomy developed based on the Illustrative Financial Statements and User Guide published in the Official Gazette numbered 30794 on 7 June 2019.

Approval of the financial statements:

The financial statements are approved by the Company’s Board of Directors on February 28,2022.

YÜKSELEN ÇELİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira unless otherwise indicated)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

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

The financial statements for the accounting period of 01 January - 31 December 2021 have been approved by the Board of Directors. The Board of Directors has the authority to amend the financial statements.

Dealing with the Inflation Effects in Hyper-Inflationary Periods

Capital Markets Board ("CMB"), has a decision which was taken on 17 March 2005 no 11/367, companies operating in Turkey and for companies that prepare financial statements in accordance with CMB Accounting Standards, it is not necessary the inflation accounting application, to be effective from January 1, 2005 as announced, as of this date Turkey Accounting Standard 29 "Financial Reporting in Hyper inflationary Economies" practice of preparation and presentation of financial statements has ended. In the statement announced by the Public Oversight, Accounting and Auditing Standards Authority on January 20, 2022, since the cumulative change in the general purchasing power of the last three years according to the Consumer Price Index (CPI) is 74.41%, it has been stated that there is no need to make any adjustments in 2021 financial statements within the scope of the Reporting Standard TAS 29 Financial Inflationary Economies. In this respect, while preparing the financial statements as of 31 December 2021, no inflation adjustment was accounted according to TAS 29.

2.1.2. Consolidation Principles

The Company is not subject to consolidation.

2.1.3 Offsetting

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

2.1.4 Comparatives and Adjustment of Previous Period Financial Statements

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

The Company has booked some reclassifications in the previous period financial statements in order to comply with the presentation of the current period financial statements. The reclassifications do not have any effect on prior period equity and net profit/(loss) for the period. The nature, reason and amounts of the classifications are explained below:

- Derivative financial instruments assets amounting to TL 9,142,080 and liabilities of derivative financial instruments amounting to TL 9,959,027, which were shown as gross in the statement of financial position as of 31 December 2020, were netted off and presented under the derivative financial instruments liabilities as TL 816,947.

2.1.5 Changes in Accounting Policies

Whether there are changes and errors in accounting policies and accounting estimates, the amended significant changes and the identified significant accounting errors are implemented retrospectively and the previous periods Company's financial statements are adjusted. Whether the changes are amended in accounting policies effect the previous periods, aforementioned policy is implemented retrospectively to the financial statements as it had been used in. There are no any changes in accounting policies as at 31 December 2021.

YÜKSELEN ÇELİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira unless otherwise indicated)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.1.6 Changes in Accounting Estimates and Errors

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

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

2.1.7 Significant Accounting Estimates and Assumptions

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

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

- a) Provision for severance payment benefits is determined by using actuarial assumptions (discount rates, future salary increases and employee exit rates).
- b) The Company depreciates its property, plant and equipment on a straight-line basis over their useful lives. Expected useful life residual value and amortization method are reviewed every year for possible effects of changes in estimates and are accounted for prospectively if there is a change in estimates.
- c) The company uses a simplified approach when calculating expected credit losses defined in TFRS 9 for trade receivables, other receivables, other assets and contract assets. TFRS 9 requires the use of lifetime expected credit losses for all trade receivables. Provisions for doubtful receivables are recorded as provisions for receivables in a way that reflects the difference between the economic conditions existing as of the balance sheet date and the economic conditions that they think will occur during the expected life of the receivables. While evaluating whether the receivables are impaired or not, the past performance of the debtors, their credibility in the market, their performance from the balance sheet date to the approval date of the financial statements and the renegotiated conditions are also taken into account. Information on the related provisions as of the balance sheet date is given in Note 10.
- d) Inventories are valued at the lower of cost and net realizable value. In cases where the net realizable value is below the cost value, provision for inventory impairment is recognized.

Cash and cash equivalents

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

Related Parties

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

- a) A person or a member of the family of such person shall be deemed to be associated with the reporting company if:
 - (i) has control or joint control over the reporting company;
 - (ii) has significant impact on the reporting company;
 - (iii) The reporting company or a parent company of the reporting company is a member of key management personnel.

YÜKSELEN ÇELİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira unless otherwise indicated)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

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

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

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

Trade receivables and doubtful receivables provision

Cheques receivables classified as trade receivables are carried at amortized cost using the effective interest rates, after deducting the allowance for doubtful trade receivables which is considering ELC model from the invoiced amount.

Group has preferred to apply “simplified approach” defined in TFRS 9 for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to “lifetime expected credit losses” except incurred credit losses in which trade receivables are already impaired for a specific reason. The Group recognized the provision for impairment considering letter of guarantee from its customers in accordance ECL model under simplified approach.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income.

Unearned finance income/expense due to commercial transactions are accounted for under “other operating income/expenses” in the statement of income or loss.

The discounted value of trade receivables and the provision for doubtful receivables are assumed to be equivalent to the fair value of the assets.

Inventories

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

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

YÜKSELEN ÇELİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira unless otherwise indicated)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

Revenue Recognition

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

The Group recognizes revenue when the goods or services is transferred to the customer and when performance obligation is fulfilled. Goods is counted to be transferred when the control belongs to the customer.

Net sales represent the invoiced value of goods shipped less sales returns and sales discounts. The Company's sales of goods consist of sales of tools, alloys, carbon and structural steels used in the machinery, mold, automotive, defense and manufacturing industries, and revenue from sales of goods is recognized when the following conditions are met:

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

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

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

Financial liabilities and borrowing costs

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

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (which requires a long period of time to be ready for use and sale as intended) may be capitalized as part of the cost of that asset. As of 30 December 2021, the Company has no capitalized financial expenses.

Leasing Transactions

At the beginning of the contract, the Company assesses whether the contract is a lease or includes a leasing transaction. In the event that the contract assigns the right to control the use of the defined asset for a certain amount of time for a certain period of time, the contract is a lease or includes a leasing transaction. The Company considers the following conditions when assessing whether a contract transfers the right to control the use of a defined asset for a specified period of time:

- (a) The contract contains the identified asset; an asset is generally defined by specifying it explicitly or implicitly in the contract.
- (b) A functional part of the asset is physically separate or represents nearly the full capacity of the asset. An asset is not identified if the supplier has a principal right to replace the asset and provides economic benefit therefrom.
- (c) Has the right to receive almost all economic benefits from the use of the identified asset.
- (d) Has the right to manage the use of the identified asset. The Company considers that the asset has the right to use if the decisions about how and for what purpose the asset will be used are determined in advance. The Company has the right to manage the use of the asset when:
 - i) the Company has the right to operate the asset during its useful life (or to direct others to operate the asset in its own way) and the supplier has no right to change these operating instructions; or
 - ii) The Company has designed the asset (or certain characteristics of the asset) in advance to determine how and for what purpose the asset will be used during its useful life.

YÜKSELEN ÇELİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira unless otherwise indicated)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

Right of Use Assets Company as a Lessee

The Company reflects a right of use and a lease liability to the financial statements at the date of the lease.

The right of use asset is initially recognized at cost method and includes the followings:

- (a) Initial measurement of the lease liability,
- (b) The received obtained by deducting all lease incentives received from all lease payments made on or before the effective date of the lease,
- (c) All initial direct costs incurred by the Company; and
- (d) Estimated costs to be incurred by the Company with respect to the dismantling and transport of the underlying asset, the restoration of the area in which it is placed, or the restoration of the underlying asset to the condition required by the lease terms and conditions. The Company is liable for these costs on the date of actual lease or as a result of using the underlying asset for a certain period of time.

When applying the cost method, the Company shall determine the right of use assets as follows:

- (a) Accumulated depreciation and accumulated impairment losses are deducted;
- (b) Measures over the cost adjusted for the remeasurement of the lease liability

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

The Company applies TAS 36 Impairment of Assets to determine whether the right of use of asset which is impaired and recognize any impairment loss.

Lease Liabilities

At the effective date of the lease, the Company measures the lease liabilities at the present value of the unpaid lease payments. Lease payments are discounted using the implied interest rate on the lease, if the rate can readily be determined. If this rate cannot be readily determined, the Company uses the Company's alternative borrowing interest rate.

Lease payments that are included in the measurement of the lease liabilities at the effective date of the lease comprise the following payments to be made for the right of use of the underlying asset during the lease period and which have not been paid at the actual lease date:

- (a) The amount received by deducting all kinds of rental incentive receivables from fixed payments,
- (b) Variable lease payments based on an index or rate using an index or rate on the date on which the initial measurement actually starts;
- (c) The usage price of this option and, if the Company is reasonably precise that it will use the option and,
- (d) Penalties for termination of the lease contract if the lease shows that the Company will use an option to terminate the lease contract.

After the effective date of the lease, the Company measures the lease liabilities is as follows:

- (a) Increases the carrying book value to reflect the interest on the lease liabilities;
- (b) Reduce the carrying book value to reflect the lease payments made;
- (c) Remeasures the carrying book value to reflect revaluation and restructurings, or to reflect adjusted essence of fixed lease payments.

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

YÜKSELEN ÇELİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira unless otherwise indicated)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

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

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

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

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

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

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

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

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

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

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

Property, Plant and Equipment

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

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

TYPE	Economic Useful Lives (Year)
Plant, Machinery and Equipment	5-20
Vehicles	4-7
Furniture and Fixtures	2-15
Leasehold Improvements	5-15

YÜKSELEN ÇELİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira unless otherwise indicated)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

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

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

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

Intangible Assets

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

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

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

Impairment of Assets

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

Changes in Foreign Exchange Rate Effects

Foreign exchange transactions realized during the year are converted into Turkish Lira by using the exchange rates at the date of the transaction. Foreign currency denominated assets and liabilities in the balance sheet are translated into Turkish Lira at the exchange rates prevailing at the balance sheet date. Foreign exchange gains / losses arising from this translation and collections of foreign currency transactions are included in the income statement. The Company's financial position and results of operations are expressed in TL, which is the functional currency of the Company.

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

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

Earnings / Losses Per Share

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

YÜKSELEN ÇELİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira unless otherwise indicated)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

Subsequent Events

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

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

Provisions, Contingent Assets and Liabilities

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

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

Taxes on Income

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

Current Tax

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

Deferred Tax

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

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

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

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

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

YÜKSELEN ÇELİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira unless otherwise indicated)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

Current and Deferred Tax for the Period

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

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

Offsetting in Tax Assets and Liabilities

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

Provision for Employment Termination Benefits

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

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

Statement of Cash Flow

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

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

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

2.1.9 New and Revised International Financial Reporting Standards

The accounting policies applied in the preparation of the financial statements as of 31 December 2021 are except for the new and amended TFRS standards which are valid as of 1 January 2021 and Turkey Financial Reporting Interpretations Committee's ("TFRIC") interpretations and effects of these standards and interpretations on the Company's financial situation and performance are summarized below.

i) Standards, amendments and interpretations effective as of 1 January 2021:

- Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16
- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Separately identifiable risk components
- Additional disclosures
- Amendments to IFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021

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

YÜKSELEN ÇELİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira unless otherwise indicated)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

ii) New standards and amendments issued and not entered into force:

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

- Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to TFRS 3 – Reference to the Conceptual Framework
- Amendments to TAS 16 – Proceeds before intended use
- Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract
- TFRS 17 - The new Standard for insurance contracts
- Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities
- Amendments to TAS 8 - Definition of Accounting Estimates
- Amendments to TAS 1 - Disclosure of Accounting Policies
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Annual Improvements – 2018–2020 Cycle

The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

3. BUSINESS COMBINATIONS

As of 31 December 2021 and 31 December 2020, the Company does not have any Business Combinations.

4. DISCLOSURE OF INTERESTS IN OTHER ENTITIES

As of 31 December 2021 and 31 December 2020, the Company does not have any Interests in Other Entities.

5. SEGMENT REPORTING

The company is managed as a single reporting unit. The Company's decision-making authority is the Board of Directors. Resource allocation decisions are made on the basis of the entire sales network. The purpose of resource allocation decisions is not to ensure profitability in a single area within the sales network, but to keep the financial results in the most profitable way. All other assets and liabilities relate to the only reportable segment of the Company.

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021***(Amounts are expressed in Turkish Lira unless otherwise indicated)***6. CASH AND CASH EQUIVALENTS**

The Company's Cash and Cash Equivalents as of 31 December 2021 and 31 December 2020 are as follows.

Account Name	31 December 2021	31 December 2020
Cash in hand	113	1.116
Bank	1.710.328	1.169.583
<i>Demand Deposit</i>	1.544.025	848.205
<i>Time Deposit</i>	166.303	321.378
Other Cash and Cash Equivalents	12.213	-
Total	1.722.654	1.170.699

Effective interest rates of time deposits in terms of currencies are as follows:

31 December 2021				31 December 2020		
Currency	Currency Amount	TL Amount	Effective Interest Rate	Currency Amount	TL Amount	Effective Interest Rate
TL	166.303	166.303	%6	321.378	321.378	%5
Total		166.303			321.378	

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

7. FINANCIAL INVESTMENTS

The Company has a restricted bank balance of TL 19,050 as of December 31, 2021 (December 31, 2020: none).

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts are expressed in Turkish Lira unless otherwise indicated)

8. BORROWINGS

The Company's Borrowings as of 31 December 2021, 31 December 2020 are as follows:

	31 December 2021	31 December 2020
Short Term Financial Liabilities	110.150.577	4.147.984
<i>Short Term Bank Borrowings</i>	110.050.286	3.295.000
<i>Other(*)</i>	100.291	89.584
Payables from Short Term Lease Transactions	1.242.969	763.400
<i>Related parties</i>	806.673	473.778
<i>Third parties</i>	436.296	289.622
Principal and Installments of Long-Term Loans	15.085.623	591.228
Total Short-Term Borrowings	126.479.169	4.739.212
Long Term Financial Liabilities		
<i>Long Term Bank Loans</i>	20.760.331	165.037
Payables from Long Term Lease Transactions	3.872.069	4.033.599
<i>Related parties</i>	1.131.925	2.449.509
<i>Third parties</i>	2.740.144	1.584.090
Total Long-Term Borrowings	24.632.400	4.198.636
Total Borrowings	151.111.569	8.937.848

(*) Consists of credit card balances.

Redemption schedule of bank loans is as follows:

Maturities	31 December 2021	31 December 2020
0-3 months	110.050.286	3.295.000
4-12 months	15.085.623	591.228
1-5 years	20.760.331	165.037
Total	145.996.531	4.051.265

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

31 December 2021

Type	Currency Amount	TL Amount	Effective Interest Rate (%)
TL Loans	--	146.154.593	%11,40 - %20,00
Total		146.154.593	

31 December 2020

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

As of 31 December 2021 and 31 December 2020, the movement table of the bank borrowings is as follows:

	2021	2020
Opening	4.051.265	16.817.476
Installations	392.713.035	29.094.196
Payments	(251.889.550)	(41.818.712)
Change in accruals	1.121.780	(41.695)
Closing	145.996.531	4.051.265

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021***(Amounts are expressed in Turkish Lira unless otherwise indicated)***9. OTHER FINANCIAL LIABILITIES**

As of 31 December 2021 and 31 December 2020, the Company does not have any Other Short and Long Term Financial Liabilities.

10. TRADE RECEIVABLES AND PAYABLES

The Company's Short Term Trade Receivables as of 31 December 2021 and 31 December 2020 are as follows.

	31 December 2021	31 December 2020
Trade Receivables from Non-Related Parties	318.037.621	92.660.137
<i>Customers</i>	97.820.447	28.528.654
<i>Notes Receivables</i>	220.217.174	64.131.483
<i>Doubtful receivables</i>	4.255.926	3.748.097
<i>Provision for doubtful receivables</i>	(4.255.926)	(3.748.097)
Total	318.037.621	92.660.137

The average collection term of trade receivables is 107 days (31.12.2020; 171 days). The compound interest rates of Government Debt Securities are used as the effective interest rate for TL receivables and payables in the rediscount of trade receivables. The Company allocates provision for losses on customer basis for its trade receivables, which become problematic. Provision amounts include receivables that are considered to be non-refundable by customers or the value of guarantees received for such receivables cannot be realized.

The Company has no Long Term Trade Receivables as of 31 December 2021 and 31 December 2020.

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

- The policy is between 1 November 2021 – 31 October 2022 and has been issued as one year.
- The currency of the claims subject to the policy is determined as TL.
- The guarantee rate is 90% for trade receivables with credit limit requests.

In addition, the Company has letters of guarantee and receivables within the scope of Direct Debiting System.

-As of 31 December 2021, the Company has an insurance coverage limit of TL 158.765.000, allocated for 716 customers under Euler Hermes Insurance A.Ş. the Company has a limit of TL 33.559.000 Direct Debiting System securities for its 112 customers. The Company has a total of TL 13.631.266 letter of guarantee limit for its 3 customers.

As of 31 December 2021 and 31 December 2020, the Company's Short Term Trade Payables are as follows:

	31 December 2021	31 December 2020
Trade Payables to Non-Related Parties	83.069.441	44.542.092
<i>Suppliers</i>	33.628.858	20.844.634
<i>Notes Payables</i>	49.437.507	23.697.458
Total	83.069.441	44.542.092

The average payable period for trade payables is 45 days (31.12.2020; 108 days). The compound interest rates of Government Debt Securities are used as the effective interest rate for TL receivables and payables in the rediscount of trade payables. (31.12.2020: %11). As of 31 December 2021 and 31 December 2020, total doubtful provision movement is as follows:

	2021	2020
Opening	3.748.097	3.854.111
Additional provisions (Note 31)	507.829	302.557
Reversal of provisions (Note 31)	-	(408.571)
Closing	4.255.926	3.748.097

As of 31 December 2021 and 31 December 2020, the Company does not have Long Term Trade Payables.

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021***(Amounts are expressed in Turkish Lira unless otherwise indicated)***11. OTHER RECEIVABLES AND PAYABLES**

As of 31 December 2021 and 31 December 2020, the details of Short-term Other Receivables are as follows:

Account Name	31 December 2021	31 December 2020
Other Receivables from Non-Related Parties	35.747	16.299
<i>Deposits and Guarantees Given</i>	17.102	3.561
<i>Other Receivables</i>	18.645	12.738
Total	35.747	16.299

As of 31 December 2021 and 31 December 2020, the details of Long-term Other Receivables are as follows:

Account Name	31 December 2021	31 December 2020
Other Receivables from Non Related Parties	-	1.980
<i>Deposits and Guarantees Given</i>	-	1.980
Total	-	1.980

As of 31 December 2021 and 31 December 2020, the Company does not have Short and Long Term Other Payables.

12. DERIVATIVE INSTRUMENTS

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

Account Name	31 December 2021	31 December 2020
Derivative Instruments in Current Assets (*)	314.706	-
Total	314.706	-

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

Account Name	31 December 2021	31 December 2020
Derivative Instruments in Liabilities	-	816.947
Total	-	816.947

13. INVENTORIES

The Company's Inventories as of 31 December 2021 and 31 December 2020 are as follows:

Account Name	31.12.2021	31.12.2020
Merchandise	132.462.586	81.361.581
Total	132.462.586	81.361.581

As of 31 December 2021 and 31 December 2020, the Company does not have any inventory impairment.

YÜKSELEN ÇELİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira unless otherwise indicated)

14. RIGHT OF USE ASSETS

Costs	1 January 2021	Addition (+)	Other (+)	31 December 2021
Buildings	5.703.165	--	651.482	6.354.647
Total	5.703.165	--	651.482	6.354.647
Depreciation	1 January 2021	Addition (+)	Other (+)	31 December 2021
Buildings	(1.454.244)	(1.032.125)	(1.901)	(2.488.270)
	(1.454.244)	(1.032.125)	(1.901)	(2.488.270)
Net book value	4.248.921			3.866.377

Costs	1 January 2020	Addition (+)	Other (+)	31 December 2020
Buildings	3.421.924	1.319.970	961.271	5.703.165
Total	3.421.924	1.319.970	961.271	5.703.165
Depreciation	1 January 2020	Addition (+)	Other (+)	31 December 2020
Buildings	(570.321)	(883.923)	-	(1.454.244)
	(570.321)	(883.923)	-	(1.454.244)
Net book value	2.851.603			4.248.921

15. PREPAID EXPENSES AND DEFERRED INCOME

As of 31 December 2021 and 31 December 2020, the Company's Short Term Prepaid Expenses are as follows:

Account Name	31 December 2021	31 December 2020
Advances Given for Purchases	49.277.588	20.056.421
Short Term Prepaid Expenses	785.380	290.968
Total	50.062.968	20.347.389

As of 31 December 2021 and 31 December 2020, the Company's Long Term Prepaid Expenses are as follows:

Account Name	31 December 2021	31 December 2020
Long Term Prepaid Expenses	107.295	5.610
Total	107.295	5.610

As of 31 December 2021 and 31 December 2020, the Company's Short Term Deferred Income is as follows:

Account Name	31 December 2021	31 December 2020
Advances Received	6.620.831	2.436.565
Total	6.620.831	2.436.565

As of 31 December 2021 and 31 December 2020, the Company does not have Long Term Deferred Income.

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021***(Amounts are expressed in Turkish Lira unless otherwise indicated)***16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

As of 31 December 2021 and 31 December 2020, the Company has no Investments Accounted for Using the Equity Method.

17. INVESTMENT PROPERTIES

As of 31 December 2021 and 31 December 2020, the Company does not have Investment Properties.

18. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS

As of 31 December 2021 and 31 December 2020, the Company's property, plant and equipment and related accumulated depreciation movements are as follows:

31 December 2021**Cost**

Account Name	1 January 2021	Additions (+)	Disposals (-)	31 January 2021
Plant, Machinery and Equipment	5.534.100	2.201.926	-	7.736.026
Vehicles	2.984.003	1.066.060	-	4.050.063
Furniture and Fixtures	2.529.904	2.597.609	-	5.127.513
Leasehold Improvements	9.730.516	810.367	-	10.540.883
Land	-	15.425.000	-	15.425.000
Investment in progress	-	192.652	-	192.652
Total	20.778.523	22.293.614	-	43.072.137

Accumulated Depreciation

Account Name	1 January 2021	Additions (+)	Disposals (-)	31 January 2021
Plant, Machinery and Equipment	1.087.766	732.545	-	1.820.311
Vehicles	1.274.897	567.535	-	1.842.432
Furniture and Fixtures	747.283	459.400	-	1.206.683
Leasehold Improvements	3.653.468	1.518.259	-	5.171.727
Total	6.763.414	3.277.739	-	10.041.153
Net Book Value	14.015.109	19.015.875		33.030.984

As of 31 December 2021, the Company has no pledges, mortgages or inhibitions on property, plant and equipment.

31 December 2020**Cost**

Account Name	1 January 2020	Additions (+)	Disposals (-)	31 December 2020
Plant, Machinery and Equipment	3.710.417	1.923.027	(99.343)	5.534.101
Vehicles	2.298.654	685.349	-	2.984.003
Furniture and Fixtures	1.425.492	1.114.382	(9.970)	2.529.904
Leasehold Improvements	3.617.833	6.112.682	-	9.730.515
Total	11.052.396	9.835.440	(109.313)	20.778.523

Accumulated Depreciation

Account Name	1 January 2020	Additions (+)	Disposals (-)	31 December 2020
Plant, Machinery and Equipment	645.198	509.082	(66.514)	(1.087.766)
Vehicles	876.270	398.627	-	(1.274.897)
Furniture and Fixtures	537.865	213.480	(4.063)	(747.283)
Leasehold Improvements	2.862.452	791.016	-	(3.653.468)
Total	4.921.786	1.912.205	(70.577)	(6.763.414)
Net Book Value	6.130.610	7.923.235	(38.736)	14.015.109

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021***(Amounts are expressed in Turkish Lira unless otherwise indicated)***19. INTANGIBLE ASSETS****Other Intangible Assets**

The Company's Other Intangible Assets as of 31 December 2021 and 31 December 2020 are as follows:

31.12.2021**Cost**

Account Name	1 January 2021	Additions (+)	Disposals (-)	31 December 2021
Rights	174.566	187.291	--	361.857
Total	174.566	187.291	--	361.857

Accumulated Depreciation

Account Name	1 January 2021	Additions (+)	Disposals (-)	31 December 2021
Rights	(73.625)	(57.174)	--	(130.799)
Total	(73.625)	(57.174)	--	(130.799)
Net Book Value	100.941		--	231.058

31.12.2020**Cost**

Account Name	1 January 2020	Additions (+)	Disposals (-)	31 December 2020
Rights	123.967	50.599	-	174.566
Total	123.967	50.599	-	174.566

Accumulated Depreciation

Account Name	1 January 2020	Additions (+)	Disposals (-)	31 December 2020
Rights	(43.854)	(29.771)		(73.625)
Total	(43.854)	(29.771)		(73.625)
Net Book Value	80.112	20.828		100.941

20. EMPLOYEE BENEFITS PAYABLES

As of 31 December 2021 and 31 December 2020, the Company's Employee Benefits Payables are as follows:

Account Name	31 December 2021	31 December 2020
Payables to Personnel	-	-
Taxes Payables	178.822	142.160
SSI Premium Payables	317.393	113.068
Total	496.215	255.228

21. GOVERNMENT GRANTS

As of 31 December 2021 and 31 December 2020, the Company does not have any Government Grants.

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021***(Amounts are expressed in Turkish Lira unless otherwise indicated)***22.SHORT TERM PROVISIONS**

As of 31 December 2021 and 31 December 2020, the Company's Provisions, Contingent Assets and Liabilities are as follows:

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

Guarantees Received and Given as of 31 December 2021 and 31 December 2020, are as follows:

		31 December 2021	31 December 2020
	Currency	Original Amount	Original Amount
Letters of Guarantee Given	TL	13.622.386	7.811.700
Bill of Guarantees Given	TL	--	6.630.000
Total		13.622.386	14.441.700
Letters of Guarantee Received	TL	1.030.000	780.000
Total		1.030.000	780.000

ii) Guarantees and mortgages on assets

As of 31 December 2021 and 31 December 2020, the Company does not have mortgages on assets.

iv) Ratio of guarantees and mortgages to equity

As of 31 December 2021 and 31 December 2020, the Company's collateral / pledge / mortgage position are as follows:

Collateral, Pledge, Mortgages Given by the Company	31 December 2021	31 December 2020
A. Total amount of CPM given in the name of its own legal personality	13.622.386	7.811.700
<i>Guarantee Letter</i>	13.622.386	7.811.700
B. Total amount of CPM's given on behalf of the fully consolidated subsidiaries	-	-
C. Total amount of CPM's given on behalf of third parties for ordinary course of business	-	6.630.000
<i>Bill of Guarantees</i>	-	6.630.000(*)
D. Total amount of other CPM's given	-	-
i. Total amount of CPM's given on behalf of the majority shareholder	-	-
ii. Total amount of CPM's given on behalf of other companies which are not in scope of B and C above	-	-
iii. Total amount of CPMs given on behalf of third parties which are not in scope of Article C	-	-
Total	13.622.386	14.441.700

(*) As of 31 December 2020 ,related parties of the Company are Göktürkler Çelik A.Ş. and Sky Fuarçılık A.Ş. and they are the bill of guarantees given for the general loan guarantee contracts given in favor of the Company.

23. COMMITMENTS

As of 31 December 2021 and 31 December 2020, the Company does not have any export and import commitments.

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES TO FINANCIAL STATEMENTS
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As of 31 December 2021 and 31 December 2020, the Company's Long Term Provisions are as follows:

Severance Payment Provisions:

Account Name	31 December 2021	31 December 2020
Severance Payment Provision	576.547	579.169
Total	576.547	579.169

Pursuant to the provisions of the current Labor Law, the employees are obliged to pay the legal severance payment that they have been entitled to for termination of employment. In addition, in accordance with the legislation in force, those who are entitled to severance payment are also entitled to have liability to pay their legal severance payment. The severance payment liability as of 31 December 2021 is subject to the ceiling of TL 8.284,15 TL - (31 December 2020: TL 7.117,17). The liability is not funded as there is no funding requirement.

The liability for employment severance payment is not legally subject to any funding.

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. Therefore, the discount rate applied represents the expected real rate after adjusting for future inflation effects. As of 31 December 2021, the provisions in the accompanying financial statements are calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. As of the 31 December 2021, the provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 17,40% and an interest rate of 22%, resulting in a real discount rate of 3.92%. (31 December 2020: %3.64 real discount rate).

The movements of the provision for severance payment are as follows.

	2021	2020
Balance at the Beginning of the Period	579.169	415.555
Current Period Service Cost	81.084	70.427
Interest Cost	79.169	49.368
Actuarial Gains / Losses	(162.875)	157.319
Payment	-	(113.500)
Balance at the End of the Period	576.547	579.169

As of 31 December 2021 and 31 December 2020, the Company does not have any Long Term Provision for Litigations.

25. TAX ASSETS AND LIABILITIES

As of 31 December 2021 and 31 December 2020, the Company does not have any Assets related to Current Period Tax.

The details of the current period corporate tax liabilities of the Company as of 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
Tax Provision	(23.990.476)	(4.716.559)
Prepaid tax (-)	12.259.359	2.537.745
Current tax liability	(11.731.117)	(2.178.814)

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021***(Amounts are expressed in Turkish Lira unless otherwise indicated)***26. OTHER ASSETS AND LIABILITIES**

Other Current Assets of the Company as of 31 December 2021 and 31 December 2020 are as follows:

Account Name	31 December 2021	31 December 2020
Advances Given to Employee	79.400	222.605
Total	79.400	222.605

As of 31 December 2021 and 31 December 2020, the Company does not have any Other Non-Current Assets.

As of 31 December 2021 and 31 December 2020, the Company does not have Other Short Term and Long Term Liabilities.

27. EQUITY

The Company's shareholding structures as of 31 December 2021 and 31 December 2020, are as follows:

	31 December 2021		31 December 2020	
	Share Amount	Share Ratio	Share Amount	Share Ratio
Bariş GÖKTÜRK	35.158.450	28,20%	26.408.450	%21,13
Yüksel GÖKTÜRK	32.623.238	26,10%	41.373.238	%33,10
Burak GÖKTÜRK	17.605.634	14,08%	17.605.634	%14,08
Ferhan GÖKTÜRK	2.640.845	2,11%	2.640.845	%2,11
Other	36.971.833	29,58%	36.971.833	%29,58
Total Capital	125.000.000	100%	125.000.000	%100

Changes in Shareholding Structure

None.

i) Capital Reserves

As of 31 December 2021 and 31 December 2020, the Company has no capital reserves.

ii) Restricted Reserves from Retained Earnings

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

As of 31 December 2021 and 31 December 2020, the Company's Restricted Reserves from Retained Earnings are as follows:

Account Name	31 December 2021	31 December 2020
Statutory Reserves	4.227.673	2.395.783
Total	4.227.673	2.395.783

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021***(Amounts are expressed in Turkish Lira unless otherwise indicated)***27. EQUITY (continued)***iii) Previous Years Profits/Losses*

Previous Year Profit / Loss consists of Extraordinary Reserves and Other Previous Year Profit / Losses. As of 31 December 2021 and 31 December 2020, the Company's Previous Years Profits/(Losses) are as follows:

Account Name	31 December 2021	31 December 2020
Other Previous Year's Profits/(Losses)	26.203.403	13.678.929
Extraordinary Reserves	2.795.186	2.795.186
Total	28.998.589	16.474.115

The company sold 1,245,878 shares of 'YKSLN' (which it purchased under the Price Stability Fund following its IPO in the last quarter of 2019) at an average unit price of TL 6.6624 within Borsa İstanbul on 05.05.2021. It was announced in advance within the scope of the "First Year Evaluation After IPO Information Bulletin" dated 14.11.2020, in which the sale of these shares, which have been withdrawn below the IPO price in order to protect the investor following the IPO and to ensure price stability, was announced in advance within the scope of the "Financial Results Bulletin (2020/2.Quarter)" announced on 07.08.2020. Due to the fact that the relevant shares have no relation to the main activity of the Company and for the use of the Company's resources in the company's activities, the total proceeds from the sale of these shares received with an amount of TL 2,305,632 at the end of 2019 are TL 8,300,550; the amount mentioned has been recovered by using it in the main activity of the Company and in the growth of the Company.

iv) Repurchased Shares

As of 31 December 2021 and 31 December 2020, the Company's Repurchased Shares are as follows:

Account Name	31 December 2021	31 December 2020
Repurchased Shares	-	(2.305.632)
Total	-	(2.305.632)

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

As of 31 December 2021 and 31 December 2020, the Company does not have any accumulated other comprehensive income or expenses to be reclassified in profit or loss.

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

As of 31 December 2021 and 31 December 2020, the detailed table of other comprehensive income or expenses not to be reclassified in profit or loss recognized in equity is as follows:

Account Name	31 December 2021	31 December 2020
Defined Benefit Plans Remeasurement Gains/Losses	(110.543)	(240.843)
Total	(110.543)	(240.843)

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021***(Amounts are expressed in Turkish Lira unless otherwise indicated)***28. REVENUE AND COST OF SALES**

The Company's Revenue and Cost of Sales as of 31 December 2021 and 31 December 2020, is as follows.

Account Name	1 January - 31 December 2021	1 January - 31 December 2020
Domestic Sales	656.436.898	182.067.222
Foreign Sales	25.951.017	3.700.138
Other Income	408.409	245.861
Sales Returns (-)	(3.152.835)	(1.802.443)
Sales Discounts (-)	(925.901)	(468.071)
Net Sales	678.717.588	183.742.707
Cost of Sales (-)	(498.448.337)	(149.719.701)
Gross Profit/(Loss)	180.269.251	34.023.006

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

The Company's General Administrative Expenses, Marketing, Sales and Distribution Expenses as of 31 December 2021 and 31 December 2020, are as follows.

Account Name	1 January- 31 December 2021	1 January- 31 December 2020
Marketing, Sales and Distribution Expenses	(14.197.194)	(5.683.359)
General Administrative Expenses	(10.209.517)	(5.635.670)
Total	(24.406.711)	(11.319.029)

30. EXPENSES BY NATURE

Expenses by Nature of Company as of 31 December 2021 and 31 December 2020, is as follows.

General Administrative Expenses	1 January- 31 December 2021	1 January- 31 December 2020
Personnel expenses	(4.280.920)	(2.350.855)
Depreciation and amortization	(2.392.435)	(1.341.623)
Insurance expenses	(852.082)	(454.194)
Office expenses	(664.412)	(356.036)
Energy expenses	(70.530)	(76.870)
Taxes, duties and fees	(56.112)	(60.740)
Communication expenses	(50.066)	(39.874)
Other expenses	(1.842.960)	(955.478)
Total	(10.209.517)	(5.635.670)

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021***(Amounts are expressed in Turkish Lira unless otherwise indicated)***30. EXPENSES BY NATURE (Cont'd)**

Marketing, Sales and Distribution Expenses	1 January- 31 December 2021	1 January- 31 December 2020
Personnel expenses	(5.610.541)	(1.935.817)
Shipping and Cargo Expenses	(3.353.650)	(1.222.830)
Depreciation and amortization	(1.974.601)	(603.617)
External benefits and services	(535.506)	(607.637)
Repair and maintenance repair expenses	(409.336)	(154.454)
Motor vehicle expenses	(378.705)	(249.975)
Fair and Advertising expenses	(215.664)	(209.384)
Travel expenses	(159.514)	(23.251)
Insurance expenses	(60.418)	(54.583)
Other expenses	(1.499.259)	(621.811)
Total	(14.197.194)	(5.683.359)

31. OTHER OPERATING INCOME / (EXPENSES)

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

Other Operating Income	1 January- 31 December 2021	1 January- 31 December 2020
Foreign Exchange Income	18.881.805	836.624
Interest Eliminated from Sales	8.801.267	10.408.841
Rediscount Income	5.531.492	4.353.833
Outstanding Provision (Doubtful Receivables)	--	408.571
Other	556.171	460.571
Total	33.770.735	16.468.440

Other Operating Expenses	1 January- 31 December 2021	1 January- 31 December 2020
Foreign Exchange Expenses	(21.056.594)	(8.969.347)
Interest Eliminated from Purchases	(3.818.299)	(7.385.911)
Rediscount Expense	(1.541.187)	(5.531.492)
Doubtful Receivables Provision Expenses	(507.829)	(302.557)
Other	(2.693.860)	(1.216.630)
Total	(29.617.769)	(23.405.937)

32. INCOME/ (EXPENSES) FROM INVESTMENT ACTIVITIES

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

Income from Investment Activities	1 January- 31 December 2021	1 January- 31 December 2020
Profit on Disposal of Securities	99.991	-
Profit on Disposal of Tangible Assets	-	155.540
Total	99.991	155.540

As of 31 December 2021 and 31 December 2020, the Company does not have Expenses from Investment Activities

YÜKSELEN ÇELİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira unless otherwise indicated)

33. FINANCIAL INCOME / EXPENSE

The Financial Income/(Expense) of the Company as of 31 December 2021 and 31 December 2020, are as follows.

Financial Income	1 January- 31 December 2021	1 January- 31 December 2020
Interest Income	10.429.647	4.875.128
Foreign Exchange Difference Income	169.276	950.989
Total	10.598.923	5.826.117
Financial Expenses		
Interest Expenses	(20.281.181)	(1.614.848)
Currency Difference Expenses	(2.894.067)	(2.550.276)
Bank commission expenses	(1.304.857)	-
Letter of guarantee commission expenses	(1.362)	-
Other	-	(966.686)
Total	24.481.467	(5.131.810)

34. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

As of 31 December 2021 and 31 December 2020, the Company has no Assets Held for Sale and Discontinued Operations.

35. INCOME TAX

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

Account Name	1 January- 31 December 2021	1 January- 31 December 2020
Current Period Statutory Tax Provision (-)	(23.990.476)	(4.716.559)
Deferred Tax Income / (Expense)	(13.101.289)	1.587.383
Total Tax Income/(Expense)	(37.091.765)	(3.129.176)

i) Current Period Statutory Tax Provision

Advance tax in Turkey is calculated and accrued on a quarterly basis. Accordingly, during the taxation of the Company's earnings in 2021 and 2020, the Company has calculated advance tax at the rate of 25% for 2021 and %22 for 2020.

Account Name	31 December 2021	31 December 2020
Tax Provision	(23.990.476)	(4.716.559)
Prepaid Taxes	12.259.359	2.537.745
Period Profit Tax Liabilities	(11.731.117)	(2.178.814)

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

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

Corporate Tax rate applied in Turkey is 25%. Corporate Tax rate 22.04.2021 Published in the Official Gazette dated 22.04.2022 and numbered 31462 "Law no. 7316 on the Collection Procedure of Public Receivables and The Law on Amendments to Certain Laws" and some tax laws after applying 22% for a period of 3 years, instead of being applied as 20% as of 01.01.2021; A 25% increase was made, 25% for 2021 and 23% for 2022.

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021***(Amounts are expressed in Turkish Lira unless otherwise indicated)***35. INCOME TAX (continued)***Income Withholding Tax:*

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

Deferred Tax:

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

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

	Cumulative Temporary Differences		Deferred Tax	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Adjustments to stocks	59.331.639	6.149.113	(13.646.277)	(1.352.805)
Fixes for rediscount transactions	174.035	(3.816.840)	(40.028)	839.707
Derivative Instruments	314.706	(816.947)	(72.382)	179.728
Adjustments to trade receivables	(802.264)	(709.734)	184.520	156.141
Leases (TFRS 16)	(1.248.661)	(548.078)	249.733	120.577
Severance pay	(576.547)	(579.169)	115.310	127.417
Fixed Assets	32.191	(157.000)	(6.438)	34.540
Currency differences	(1.005.105)	-	231.174	-
Loan Interest accruals	202.790	11.229	(46.641)	(2.470)
Deferred Tax Assets / (Liabilities), Net				
		31 December 2021	31 December 2020	
Deferred Tax Asset/(Liabilities) at Beginning of the Period (Net)		102.835	(1.519.158)	
Deferred Tax Liabilities Offset in Equity		(32.575)	34.610	
Deferred Tax Income / (Expense)		(13.101.289)	1.587.383	
Deferred Tax Assets/(Liabilities) at the End of the Period		(13.031.029)	102.834	

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021***(Amounts are expressed in Turkish Lira unless otherwise indicated)***35. INCOME TAX (continued)**

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

Reconciliation of Tax Provision	1 January- 31 December 2021	1 January- 31 December 2020
Profit/Loss Before Tax	146.232.953	21.534.481
Corporate Tax Rate %25 (2020: %22)	(36.558.238)	(4.737.586)
Tax Effect:		
- The effect of adjustments on which no deferred tax is calculated	(1.498.730)	-
- Non-Taxable Income and discounts/exceptions	606.940	644.190
- Disallowable expenses	(671.978)	(299.429)
-Tax rate change effect	1.146.386	-
- Other	(116.145)	-
Tax Provision Expense in the Income Statement	(37.091.765)	(3.129.176)

36. EARNINGS/(LOSSES) PER SHARE

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

Earnings Per Share	1 January- 31 December 2021	1 January- 31 December 2020
Period Profit/(Losses)	109.141.188	12.661.446
Weighted Average Number of Shares	125.000.000	57.627.041
Earnings /(Losses) Per Share	0,8731	0,2197

37. RELATED PARTY DISCLOSURES**a) Company's related parties balances are as follows:**

In 2021, it has been decided to distribute the profit amounting to 4.300.000 (December 31, 2020: none). The amount is from the Profit of the Period to the shareholders representing the capital as a cash dividend for the year 2020 in the Decision of the General Assembly dated May 20, 2020, It was decided to distribute a total gross profit of TL 4.300.000 to the stock at a nominal value of TL 1, compared to TL 3.43999 and gross of TL 0.0343999, compared to TL 2.92399 and net of TL 0.0292399, and it was decided to pay on October 7, 2021. It has been decided to distribute the profit for the period between January 1, 2020-December 31, 2020 in 2021 and payments were realized in 2021.

b) Purchases from and sales to related parties are as follows:

As of 31 December 2021 and 31 December 2020, purchases from related parties are as follows;

31 December 2021**Purchases**

Related Parties	Goods	Interest	Rent	Fixed asset purchase	Total
Sky Fuarçılık A.Ş.	184.210	-	122.500	295.000	601.710
Shareholders(*)	-	-	1.581.250	-	1.581.250
Total	184.210	-	1.703.750	295.000	2.182.960

As of 31 December 2021, the Company does not have sales to related parties.

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

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021***(Amounts are expressed in Turkish Lira unless otherwise indicated)***37. RELATED PARTY DISCLOSURES (Cont'd)****31 December 2020**

Related Parties	Goods	Interest	Rent	Service	Fixed asset purchase	Total
Sky Fuarcılık A.Ş.	18.000	-	-	155.450	-	173.450
Shareholders(*)	--	-	1.287.500	-	-	1.287.500
Total	18.000	-	1.287.500	155.450	-	1.460.950

Total Key Management Compensation

As of 31 December 2021, the total amount of key management compensation is TL 1.526.867 TL. (31 December 2020: TL 978.547)

38. THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**Financial Risk Management Objectives and Policies**

The main financial instruments used by the Company are bank loans, financial leases, cash and short-term bank deposits. The main purpose of using these financial instruments is to create financing for the Company's operations. The Company also has financial instruments such as trade receivables and trade payables that arise directly from its operations.

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

Currency Risk

Currency risk arises from the fact that the Company has liabilities in USD and EURO.

Foreign exchange transactions result in foreign exchange risk. These risks arise from the purchase and sale of goods and services in currencies other than the valuation currency.

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

YÜKSELEN ÇELİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2021

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38. THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

The foreign exchange position of the Company as of 31 December 2021 and 31 December 2020 is presented below:

	Foreign Exchange Position Table					
	31 December 2021			31 December 2020		
	TL Equivalent	USD	EURO	TL Equivalent	USD	EURO
1. Trade Receivables	1.887.036	141.574	85.505	13.489	1.838	-
2a. Monetary Financial Assets	1.038.523	1.626	67.401	632.037	21.741	52.448
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	48.337.757	3.279.787	306.328	-	-	-
4. Total Current Assets (1+2+3)	51.263.316	3.422.986	459.234	645.526	23.579	52.448
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Total Non Current Assets(5+6+7)	-	-	-	-	-	-
9. Total Assets (4+8)	51.263.316	3.422.986	459.234	645.526	23.579	52.448
10. Trade Payables	17.675.099	1.326.063	-	26.435.725	2.105.203	1.219.206
11. Financial Liabilities	-	-	-	-	-	-
12a. Other Monetary Liabilities	-	-	-	-	-	-
12b. Other Non- Monetary Liabilities	-	-	-	-	-	-
13. Total Short-Term Liabilities (10+11+12)	17.675.099	1.326.063	-	26.435.725	2.105.203	1.219.206
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-
16b. Other Non- Monetary Liabilities	-	-	-	-	-	-
17. Total Long-Term Liabilities (14+15+16)	-	-	-	-	-	-
18. Total Liabilities (13+17)	17.675.099	1.326.063	-	26.435.725	2.105.203	1.219.206
19. Off-Balance Sheet Derivative Instruments Net Asset / (Liability) Position (19a-19b)	-	-	-	-	-	-
19a. Total Asset Amount of Hedged	-	-	-	-	-	-
19b. Total Liabilities Amount of Hedged	-	-	-	-	-	-
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	33.588.217	2.096.922	459.234	(25.790.199)	(2.081.624)	(1.166.758)
21. Monetary Items Net Foreign Exchange Asset / (Liabilities) Position (1+2a+3+5+6a-10-11-12a-14-15-16a)	33.588.217	2.096.922	459.234	(25.790.199)	(2.081.624)	(1.166.758)
22. Total Fair Value of Financial Instruments Used for Foreign Exchange Hedge	-	-	-	-	-	-
23. Foreign Exchange Hedged Portion Amount of Assets	23.638.856	84.143	1.830.399	-	-	-
24. Foreign Exchange Hedged Portion Amount of Liabilities	248.202.682	22.440.477	4.551.573	-	-	-
25. Export	1.887.036	141.574	85.505	3.700.138	-	315.253
26. Import	1.038.523	1.626	67.401	62.793.641	7.855.880	1.298.370

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NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 December 2021

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38. THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

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

Exchange Rate Sensitivity Analysis Table		
31 December 2021		
	Profit / Loss	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency
USD against TL by 10% value change;		
1- USD Net Asset / Liability	2.794.988	(2.794.988)
2- Hedged portion of USD Risk (-)	-	-
3- USD Net Effect (1+2)	2.794.988	(2.794.988)
EURO against TL by 10% value change;		
4- EURO Net Asset / Liability	692.833	(692.833)
5- Hedged portion of Euro Risk (-)	-	-
6- EURO Net Effect (4+5)	692.833	(692.833)
TOTAL	3.487.821	(3.487.821)

Exchange Rate Sensitivity Analysis Table		
31 December 2020		
	Profit / Loss	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency
The impact of 10% USD increase in income statement		
1- USD Net Asset / Liability	(1.528.017)	1.528.017
2- Hedged portion of USD Risk (-)	-	-
3- USD Net Effect (1+2)	(1.528.017)	1.528.017
The impact of 10% EURO increase in income statement		
4- EURO Net Asset / Liability	(1.051.003)	1.051.003
5- Hedged portion of Euro Risk (-)	-	-
6- EURO Net Effect (4+5)	(1.051.003)	1.051.003
TOTAL	(2.579.020)	2.579.020

Credit Risk

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

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

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38. THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

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

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

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

Liquidity Risk

Liquidity risk is the risk that a Company will be unable to meet its funding needs. Prudent liquidity risk management is to provide sufficient cash and cash equivalents, to enable funding with the support of credit limits provided by reliable credit institutions and to close funding deficit. The Company provides funding by balancing cash inflows and outflows through the provision of credit lines in the business environment.

The following table details the Company's expected maturity distribution for its non-derivative financial liabilities.

31.12.2021

	Book Value	Total Cash Outflows	1-3 months	3-12 months	1-5 years
Financial Liabilities	145.896.240	162.545.927	110.050.286	20.868.544	31.627.097
Financial Leasing Payables	5.115.038	7.395.195	603.645	1.810.935	4.980.615
Trade Payables	83.069.441	83.242.905	83.242.905	-	-
Other Payables	-	-	-	-	-
Total	234.339.072	159.435.072	101.614.980	33.589.476	24.230.615

	Book Value	Total Contractual Cash Outflows	Shorter than 3 months	3-12 months	1-5 years	5 years and over
Derivative Financial Liabilities	314.706	331.875	331.875	-	-	-
Derivative Instruments Cash Inflows	3.244.375	3.244.375	3.244.375	-	-	-
Derivative Instruments Cash Outflows	(2.929.669)	(2.912.500)	(2.912.500)	-	-	-

31.12.2020

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

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

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38. THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

Interest Risk

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The Company manages this risk through natural measures by balancing interest rate sensitive assets and liabilities. In order to minimize the interest rate risk, the Company is committed to borrowing at the rates that are most appropriate.

As of 31 December 2021 and 31 December 2020, the Company's interest position table is as follows:

Fixed Interest Rate Financial Instruments	31 December 2021	31 December 2020
Financial Assets	-	-
Financial Liabilities	151.111.569	8.937.848
Floating Interest Rate Financial Instruments	31 December 2021	31 December 2020
Financial Assets	-	-
Financial Liabilities	-	-

Price Risk

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

Capital Management

The Company aims to increase the profit by using the balance of debt and equity in the most efficient way while trying to ensure the continuity of its activities in capital management. The capital structure of the Company consists of equity items including payables, cash and cash equivalents and capital, and profit reserves.

The Company's capital cost and the risks associated with each class of capital are evaluated by the Company's senior management. During these investigations, the senior management evaluates the cost of capital and the risks associated with each class of capital, and submits those that depend on the decision of the Board of Directors.

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

As of 31 December 2021 and 31 December 2020, the Company's net debt / used capital ratio is as follows:

	31 December 2021	31 December 2020
Total Debt	270.049.036	69.411.317
Less: Cash and Cash Equivalents	(1.722.654)	(1.170.699)
Net Debt	270.990.885	68.240.618
Total Capital	267.256.907	153.984.869
Net Debt/Capital Used	1,014	0,443

Fair Value

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

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

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38. THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

Financial Assets

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

Financial Liabilities

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

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NOTES TO FINANCIAL STATEMENTS

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

31 December 2021	Notes	Other Financial Assets at Amortized Value	Loans and Receivables	Financial Assets Whose Fair Value Difference Reflected To Income Statement	Other Financial Liabilities at Amortized Values	Book Value	Fair Value
Financial Assets		1.722.654	-	-	1.722.654	319.760.275	1.722.654
Cash and Cash Equivalents	6	1.722.654	-	-	1.722.654	1.722.654	1.722.654
Trade Receivables	10	-	-	-	-	318.037.621	-
Financial Liabilities		314.706	-	151.111.569	234.495.716	234.495.716	314.706
Financial Payables	8	-	-	151.111.569	151.111.569	151.111.569	-
Trade Payables	10	-	-	-	83.069.441	83.069.441	-
Derivative Financial Liabilities	12	314.706	-	-	314.706	314.706	314.706
31 December 2020							
Financial Assets		1.170.699	92.660.137	-	-	93.830.836	93.830.836
Cash and Cash Equivalents	6	1.170.699	-	-	-	1.170.699	1.170.699
Trade Receivables	10	-	92.660.137	-	-	92.660.137	92.660.137
Financial Liabilities		816.947	-	8.937.848	54.296.887	54.296.887	816.947
Financial Payables	8	-	-	8.937.848	8.937.848	8.937.848	-
Trade Payables	10	-	-	-	44.542.092	44.542.092	-
Derivative Financial Liabilities	12	816.947	-	-	816.947	816.947	816.947

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES TO FINANCIAL STATEMENTS****FOR THE PERIOD ENDED 31 DECEMBER 2021***(Amounts are expressed in Turkish Lira unless otherwise indicated)***39. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON FINANCIAL HEDGING ACCOUNTING) (continued)**

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

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

Financial Assets

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

40.SUBSEQUENT EVENTS

In order to support the export activities of the Company, Rising Steel Inc. is established in the organized industrial area close to the Chicago region in the state of Illinois, USA. The establishment procedures of the subsidiary were completed as of 08.02.2022 and were registered on 10.02.2022.

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

None.

42. SERVICES RECEIVED FROM INDEPENDENT AUDITOR/AUDITOR RELATED FEES

Fees for services received by the company from the independent auditor/independent audit firm presented below:

	1 January - 31 December 2021	1 January- 31 December 2020
Independent audit fee for the reporting period	186.800	99.000
Total	186.800	99.000