

YÜKSELEN ÇELİK A.Ş.

**FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY- 30 SEPTEMBER 2021
WITH INDEPENDENT AUDITOR’S REVIEW REPORT
(CONVENIENCE TRANSLATION INTO ENGLISH OF THE
INDEPENDENT AUDITORS’ REVIEW REPORT AND FINANCIAL
STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

CONVENIENCE TRANSLATION INTO ENGLISH OF THE INDEPENDENT AUDITORS' REVIEW REPORT
AND FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
YÜKSELEN ÇELİK ANONİM ŞİRKETİ
FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY- 30 SEPTEMBER 2021

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YÜKSELEN ÇELİK A.Ş.

BALANCE SHEET

AT 1 JANUARY-30 SEPTEMBER 2021

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

		Not Reviewed	Audited
		Current	Previous
		Period	Period
	Notes	30.09.2021	31.12.2020
ASSETS			
Current Assets		382.640.417	204.920.790
Cash and Cash Equivalents	6	1.169.996	1.170.699
Financial Investments	7	3.688.114	-
Trade Receivables		219.109.729	92.660.137
<i>Trade Receivables From Non-Related Parties</i>	10	219.109.729	92.660.137
Other Receivables		35.096	16.299
<i>Other Receivables From Non-Related Parties</i>	11	35.096	16.299
Derivative Instruments	12	-	9.142.080
Inventories	13	132.327.269	81.361.581
Prepaid Expenses	15	26.122.962	20.347.389
Other Current Assets	26	187.251	222.605
Total		382.640.417	204.920.790
Non-Current Assets		37.080.405	18.475.396
Other Receivables	11	-	1.980
<i>Other Receivables From Non-Related Parties</i>		-	1.980
Property, Plant and Equipment	18	32.555.909	14.015.109
Right of Use Assets	14,18	4.198.352	4.248.921
Intangible Assets		226.905	100.941
<i>Other Intangible Assets</i>	19	226.905	100.941
Prepaid Expenses	15	99.239	5.610
Deferred Tax Asset	35	-	102.835
TOTAL ASSETS		419.720.822	223.396.186

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

YÜKSELEN ÇELİK A.Ş.

BALANCE SHEET

AT 1 JANUARY-30 SEPTEMBER 2021

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

		Not Reviewed	Audited
		Current	Previous
		Period	Period
	Notes	30.09.2021	31.12.2020
LIABILITIES			
Current Liabilities		187.072.723	64.633.512
Short-Term Borrowings	8	115.262.622	4.147.984
Short Term Portions of Long Term Borrowings	8	67.849	591.228
Trade Payables		52.922.172	44.542.092
<i>Trade Payables To Non-Related Parties</i>	10	52.922.172	44.542.092
Employee Benefits Payables	20	958.760	255.228
Other Payables		4.300.000	522.574
<i>Other Payables To Related Parties</i>	11	4.300.000	-
<i>Other Payables To Non-Related Parties</i>	11	-	522.574
Derivative Instruments	12		9.959.027
Deferred Income	15	2.448.828	2.436.565
Current Income Tax Liabilities	35	5.952.720	2.178.814
Other Current Liabilities		5.159.772	-
Total		187.072.723	64.633.512
Non Current Liabilities			
		21.624.164	4.777.805
Long Term Borrowings	8	12.788.694	4.198.636
Long Term Provisions		562.319	579.169
<i>Long Term Provisions for Employee Benefits</i>	20	562.319	579.169
Deferred Tax Liabilities	35	8.273.151	-
EQUITY			
		211.023.935	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		(131.211)	(240.843)
Defined Benefit Plans Remeasurement Gains / Losses	27	(131.211)	(240.843)
Restricted Reserves from Retained Earnings	27	3.311.728	2.395.783
Retained Earnings / (Losses)	27	29.914.534	16.474.115
Net Profit / (Loss) For the Period		52.928.884	12.661.446
TOTAL LIABILITIES AND EQUITY		419.720.822	223.396.186

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

YÜKSELEN ÇELİK A.Ş.

**INCOME STATEMENT
AT 1 JANUARY-30 SEPTEMBER 2021**

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

		Not Reviewed Current Period	Not Reviewed Current Period	Not Reviewed Previous Period	Not Reviewed Previous Period
	Notes	01.01.2021- 30.09.2021	01.07.2021- 30.09.2021	01.01.2020- 30.09.2020	01.07.2020- 30.09.2020
Revenue	28	397.064.702	157.331.002	121.140.712	45.884.470
Cost Of Sales (-)	28	(300.235.120)	(114.246.066)	(102.949.028)	(37.982.403)
GROSS PROFIT		96.829.582	43.084.936	18.191.684	7.902.067
Marketing, Sales And Distribution Expenses (-)	29-30	(8.736.297)	(3.559.979)	(3.838.170)	(1.441.174)
General Administrative Expenses (-)	29-30	(7.058.921)	(2.520.839)	(3.724.355)	(1.403.538)
Other Operating Income	31	14.714.344	2.906.331	12.354.339	4.756.545
Other Operating Expenses (-)	31	(9.394.772)	(4.037.570)	(14.444.153)	(4.748.091)
OPERATING PROFIT / (LOSS)		86.353.936	35.872.879	8.539.345	5.065.809
Income from Investment Activities	32	99.638	51.840	26.017	2.340
OPERATING PROFIT/LOSS BEFORE FINANCIAL INCOME/EXPENSE		86.453.574	35.924.719	8.565.362	5.068.149
Financial Income	33	1.789.475	72.014	4.148.593	2.198.462
Financial Expense (-)	33	(14.707.831)	(6.893.680)	(4.260.559)	(2.620.237)
CONTINUING OPERATIONS PROFIT/ (LOSS) BEFORE TAX		73.535.218	29.103.053	8.453.396	4.646.374
Continuing Operations Tax Income/(Expense)	35				
- Period Tax Income/(Expense)		(12.257.756)	(5.955.138)	(2.535.538)	(840.895)
- Deferred Tax Income/(Expense)		(8.348.578)	(1.929.956)	944.034	43.530
CONTINUING OPERATIONS PERIOD PROFIT / (LOSS) PERIOD PROFIT / (LOSS)		52.928.884	21.217.959	6.861.892	3.849.009
Earnings/(Losses) Per Share					
Earnings Per Share From Continuing Operations	36	0,4234	0,1697	0,0792	0,0444
PERIOD PROFIT/LOSS		52.928.884	21.217.959	6.861.892	3.849.009
OTHER COMPREHENSIVE INCOME					
Items Not be Reclassified in Profit or Loss					
Taxes on Other Comprehensive Income Not to be Reclassified to Profit or Loss		137.040	(21.128)	(4.999)	34.223
-Deferred Tax Income/Expense		(27.408)	4.226	1.100	(7.529)
OTHER COMPREHENSIVE INCOME/ (EXPENSE)		109.632	(16.902)	(3.899)	26.694
TOTAL COMPREHENSIVE INCOME		53.038.516	21.201.057	6.857.993	3.875.703

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

YÜKSELEN ÇELİK A.Ş.**CHANGES IN EQUITY STATEMENT
AT 1 JANUARY-30 SEPTEMBER 2021**

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

	Notes	Paid in Capital	Repurchased Shares (-)	Share Premiums / Discounts	Accumulated Other Comprehensive Income and Expenses not to be Reclassified to Profit or Loss		Retained Earnings		Total Equity
					Defined Benefit Plans Remeasurement Gains/Losses	Restricted Reserves from Retained Earnings	Previous Years Profits/Losses	Net Profit /Loss For the Period	
1 January 2020 (Beginning of the Period)	27	43.310.000	(2.305.632)	52.055.644	(118.134)	687.173	29.413.198	18.017.940	141.060.189
Transfers	27	-	-	-	-	1.708.610	16.309.330	(18.017.940)	-
Capital Increase		43.310.000	-	(43.310.000)	-	-	-	-	-
Total Comprehensive Income		-	-	-	(3.899)	-	-	6.861.892	6.861.892
- Net Profit/Loss for the Period	27	-	-	-	-	-	-	6.861.892	6.861.892
- Other Comprehensive Income		-	-	-	(3.899)	-	-	-	-
30 September 2020 (End of the Period)	27	86.620.000	(2.305.632)	8.745.644	(122.033)	2.395.783	45.722.528	6.861.892	147.918.182
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	-	-	-	-	915.945	11.745.501	(12.661.446)	-
Dividend		-	-	-	-	-	(4.300.000)	-	(4.300.000)
Repurchased Shares (*)		-	2.305.632	-	-	-	5.994.918	-	8.300.550
Total Comprehensive Income		-	-	-	109.632	-	-	52.928.884	53.038.516
- Net Profit/Loss for the Period	27	-	-	-	-	-	-	52.928.884	52.928.884
- Other Comprehensive Income		-	-	-	109.632	-	-	-	109.632
30 September 2021 (End of the Period)	27	125.000.000	-	-	(131.211)	3.311.728	29.914.534	52.928.884	211.023.935

(*) 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-30 SEPTEMBER 2021

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

		Not Reviewed Current Period	Not Reviewed Previous Period
	Notes	01.01.2021 30.09.2021	01.01.2020- 30.09.2020
A) CASH FLOWS FROM OPERATING ACTIVITIES		(93.321.349)	(2.355.607)
PERIOD PROFIT / (LOSS)		52.928.884	6.861.892
Adjustments Related To Reconciliation Of Net Period Profit / Loss		36.114.499	1.584.277
Adjustments related To Depreciation And Amortization	14,18,19	3.172.869	1.922.097
Adjustments Related to Impairment (Reversal)		323.443	(246.117)
Adjustments Related To Receivables Impairment (Reversal)	31	323.443	(246.117)
Adjustments Related to Provisions		120.190	32.749
Adjustments Related to Provision (Reversal) for Employee Benefits	24	120.190	32.749
Adjustments Related to Interest Income/Expenses		11.891.663	(1.715.956)
Adjustments Related to Interest Income	32	(136.213)	(8.060.380)
Adjustments Related to Interest Expenses	33	12.508.381	4.375.542
Deferred Financial Expense from Term Purchases	10	(480.505)	2.792.453
Unearned Financial Income from Term Sales	10	-	(823.571)
Adjustments Related to Tax Income/ (Expenses)	35	20.606.334	1.591.504
Changes in Working Capital		(173.880.882)	(5.877.970)
Adjustments Related to Decrease/(Increase) in financial Investments		(3.688.114)	-
Adjustments Related to Decrease/(Increase) in Trade Receivables		(126.773.035)	7.037.727
Increase/(Decrease) in Trade Receivables from Non-Related Parties		(126.773.035)	7.037.727
Adjustments Related To (Increase) In Other Receivables Related To Operations		(16.817)	5.999
Increase/(Decrease) In Other Receivables Related To Operations from Non Related Parties		(16.817)	5.999
Adjustments Related To (Increases) / Decreases In Inventories		(50.965.688)	1.936.822
Prepaid Expenses Decrease/(Increase)		-	(7.382.059)
Adjustments Related To Increase/(Decrease) In Trade Payables		8.860.585	(9.851.446)
Increase/(Decrease) in Trade Payables to Non-Related Parties		8.860.585	(9.851.446)
Adjustments Related To Decrease / (Increase) In Other Payables Related To Operations		(522.573)	(39.684)
Increase/(Decrease) in Other Payables to Non-Related Parties		(522.573)	(39.684)
Decrease/(Increase) in Payables Related to Employee Benefits		703.532	86.014
Decrease/(Increase) in Deferred Income		12.263	263.260
Decrease/(Increase) in other activities related to operating activities		(1.491.026)	2.065.397
Total Cash Flows from Operating Activities		(84.837.499)	2.568.199
Tax Returns / (Payments)	22	(8.483.850)	(4.923.806)
B) CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Inflows from Disposal of Property, Plant and Equipment and Intangible Assets		(21.001.358)	(8.167.342)
Cash Inflows from Disposal of Property, Plant and Equipment	18	-	59.969
Cash Outflows from Acquisition of Property, Plant and Equipment and Intangible Assets		(21.137.571)	(8.176.712)
Interest received		136.213	(50.599)
C) CASH FLOWS FROM FINANCING ACTIVITIES		114.322.004	(13.214.770)
Cash Outflows Resulting from Buying Its own Shares		8.300.550	-
Cash Inflows from Borrowings		214.076.602	65.063.252
Cash Outflows on Debt Payments		(109.759.817)	(80.185.281)
Cash Outflows from Lease Contract Payables		(69.347)	(882.224)
Interest paid		1.774.016	2.789.483
Net (Increase) / Decrease In Cash And Cash Equivalents Before Effect Of Foreign Exchange Translation Differences		(703)	(23.737.719)
D) EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(703)	(23.737.719)
Net Increase/(Decrease) in Cash and Cash Equivalents			
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	1.169.996	10.045.051

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

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES TO FINANCIAL STATEMENTS****FOR THE PERIOD ENDED 30 SEPTEMBER 2021***(Amounts are expressed in Turkish Lira unless otherwise indicated)***1. COMPANY'S ORGANIZATION AND NATURE OF OPERATIONS**

Yükselen Çelik Anonim Şirketi ("the Company") was established on 20 March 1989 in İstanbul under the title of "Yükselen Çelik Ticaret Limited Şirketi". 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 Yükselen Çelik Anonim Şirketi.

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 30 September 2021, the Company has 45 employees. (30 September 2020: 36)

As of 30 September 2021 and 31 December 2020, the capital and shareholding structure of the Company are as follows:

	30.09.2021		31.12.2020	
	Share Amount	Share Ratio	Share Amount	Share Ratio
Yüksel GÖKTÜRK	32.623.238	26,10%	41.373.238	%33,10
Barış GÖKTÜRK	35.158.450	28,13%	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 Company maintains their books of account and prepares their statutory financial statements in TL in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance.

The accompanying financial statements have been prepared in accordance with the provisions of Capital Markets Board ("CMB") Communiqué No: II-14.1-"Communiqué on Principles of Financial Reporting in Capital Markets" ("Communiqué") in the Official Gazette No. 28676 dated September 13, 2013 reference to Article 5 of the Public Oversight Accounting and Auditing Standards Board ("POA") that have been put into force by Turkey Accounting Standards and interpretations related to these additional ("TAS") are considered. The accompanying financial statements have been prepared in accordance with Communiqué No: II-14.1 and financial statements and notes are presented in accordance with the formats required by the CMB dated on 7 September 2013. In addition, the financial statements were published by POA with the decision number 30 on September 2, 2016 and together with the changes in TFRS 15 Customer Contracts and TFRS 16 Leases standards, it was presented in accordance with the "Announcement regarding to TAS Taxonomy", which was published on April 15, 2020.

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

The Company has prepared its financial statements for the interim period ended September 30, 2021 in accordance with TAS 34 "Interim Financial Reporting" standard. Interim financial statements do not contain all the information and explanations that should be included in the annual financial statements and must be read together with the Company's annual financial statements prepared as of December 31, 2020

YÜKSELEN ÇELİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 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 - 30 September 2021 have been approved by the Board of Directors on 01.11.2021. 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.

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.

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 30 September 2021.

YÜKSELEN ÇELİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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) Provision for doubtful receivables represents the amounts that the Company believes will compensate future losses of receivables which are present as of the balance sheet date but which are not subject to collection in current economic conditions. The past performance of borrowers assessed for impairment of receivables impairment, credits on the market and their performance from the balance sheet date to the date of approval of the financial statements are also taken into consideration. As of the balance sheet date, the related provisions are disclosed.
- 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.

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NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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 30 SEPTEMBER 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 September 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 30 SEPTEMBER 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 30 SEPTEMBER 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 30 SEPTEMBER 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.

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NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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.

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NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 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 30 September 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
- Amendments to IFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond

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
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(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
- 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.

iii) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Company will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 30 September 2021 and 31 December 2020, the Company does not have any Business Combinations.

4. DISCLOSURE OF INTERESTS IN OTHER ENTITIES

As of 30 September 2021 and 31 December 2020, the Company does not have any Interests in Other Entities.

5. SEGMENT REPORTING

As of 30 September 2021 and 31 December 2020, the Company does not have any Segment Reporting.

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021***(Amounts are expressed in Turkish Lira unless otherwise indicated)***6. CASH AND CASH EQUIVALENTS**

The Company's Cash and Cash Equivalents as of 30 September 2021 and 31 December 2020 are as follows.

Account Name	30.09.2021	31.12.2020
Cash in hand	16.051	1.116
Bank	1.153.945	1.169.583
<i>Demand Deposit</i>	<i>1.153.945</i>	<i>848.205</i>
<i>Time Deposit</i>	-	<i>321.378</i>
Other Cash and Cash Equivalents		-
Total	1.169.996	1.170.699

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

Currency	30.09.2021			31.12.2020		
	Currency Amount	TL Amount	Effective Interest Rate	Currency Amount	TL Amount	Effective Interest Rate
TL	-	-	-	321.378	321.378	%6
Total		-		-	321.378	

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

7. FINANCIAL INVESTMENTS

As of 30 September 2021, the short term financial investment is amounting to 3.688.114 TL and 584.701 share (31 December 2020, the Company does not have any Short and Long Term Financial Investments).

YÜKSELEN ÇELİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS
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8. BORROWINGS

The Company's Borrowings as of 30 September 2021, 31 December 2020 are as follows:

	30.09.2021	31.12.2020
Short Term Financial Liabilities	115.262.622	4.147.984
Short Term Bank Borrowings	113.990.263	3.295.000
Payables from Short Term Lease Transactions (**)	1.179.229	763.400
Other (*)	93.130	89.584
Principal and Installments of Long-Term Loans	67.849	591.228
Total Short-Term Borrowings	115.330.471	4.739.212
Long Term Financial Liabilities		
Long Term Bank Loans	8.588.789	165.037
Payables from Long Term Lease Transactions (**)	4.199.905	4.033.599
Total Long-Term Borrowings	12.788.694	4.198.636
Total Borrowings	128.119.165	8.937.848

(*) Consists of credit card balances.

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

Redemption schedule of bank loans is as follows:

Maturities	30.09.2021	31.12.2020
0-3 months	13.786.556	3.295.000
4-12 months	108.601.259	591.228
1-5 years	259.087	165.037
Total	122.646.901	4.051.265

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

30.09.2021

Type	Currency Amount	TL Amount	Effective Interest Rate (%)
TL Loans	122.646.901	122.646.901	%11,40 - %20,00
Total		122.646.901	

31.12.2020

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	

YÜKSELEN ÇELİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS
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9. OTHER FINANCIAL LIABILITIES

As of 30 September 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 30 September 2021 and 31 December 2020 are as follows.

	30.09.2021	31.12.2020
Trade Receivables from Non-Related Parties	219.109.729	92.660.137
<i>Customers</i>	73.592.924	34.060.146
<i>Notes Receivables</i>	149.588.345	64.131.483
<i>Rediscount on Notes Receivables (-)</i>	(4.071.540)	(5.531.492)
Total	219.109.729	92.660.137

The average collection term of trade receivables is 108 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 30 September 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 2020 – 31 October 2021 and has been issued as one year.
- The currency of the claims subject to the policy is determined as TL.
- The guarantee rate is 90% for trade receivables with credit limit requests.

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

-As of 30 September 2021, the Company has an insurance coverage limit of TL 118.730.000, allocated for 649 customers under Euler Hermes Insurance A.Ş. the Company has a limit of TL 32.881.000 Government debt securities for its 111 customers. The Company has a total of TL 780.000 letter of guarantee limit for its 5 customers.

As of 30 September 2021 and 31 December 2020, the Company's Short Term Trade Payables are as follows:

	30.09.2020	31.12.2020
Trade Payables to Non-Related Parties	52.922.172	44.542.092
<i>Suppliers</i>	45.042.882	22.559.286
<i>Notes Payables</i>	8.359.795	23.697.458
<i>Rediscount on Notes Payables (-)</i>	(480.505)	(1.714.652)
Total	52.922.172	44.542.092

The average payable period for trade payables is 68 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 30 September 2021 and 31 December 2020, the Company does not have Long Term Trade Payables.

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11. OTHER RECEIVABLES AND PAYABLES

As of 30 September 2021 and 31 December 2020, the details of Short-term Other Receivables are as follows:

Account Name	30.09.2021	31.12.2020
Other Receivables from Non-Related Parties	35.096	16.299
<i>Deposits and Guarantees Given</i>	17.450	3.561
<i>Other Receivables</i>	17.646	12.738
Total	35.096	16.299

As of 30 September 2021 and 31 December 2020, the details of Long-term Other Receivables are as follows:

Account Name	30.09.2021	31.12.2020
Other Receivables from Non Related Parties	-	1.980
<i>Deposits and Guarantees Given</i>	-	1.980
Other Receivables from Related Parties (<i>Note:37</i>)	-	-
Total	-	1.980

As of 30 September 2021 and 31 December 2020, the Company does not have any collaterals received against Short and Long Term Receivables.

As of 30 September 2021 and 31 December 2020, the details of Short-Term Other Payables are as follows:

Account Name	30.09.2021	31.12.2020
Other Payables to Related Parties (*)	4.300.000	-
Taxes Payable	-	522.574
Total	4.300.000	522.574

(*) In the General Assembly decision dated May 20, 2020, for the year 2020, as a cash dividend to shareholders representing the capital, 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.

As of 30 September 2021 and 31 December 2020, the Company does not have Long Term Other Payables.

As of 30 September 2021 and 31 December 2020, the Company does not have collaterals given for Short and Long Term Other Payables.

12. DERIVATIVE INSTRUMENTS

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

Account Name	30.09.2021	31.12.2020
Derivative Instruments in Current Assets (*)	-	9.142.080
Total	-	9.142.080

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

Account Name	30.09.2021	31.12.2020
Derivative Instruments in Liabilities	-	9.959.027
Total	-	9.959.027

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The Company's Inventories as of 30 September 2021 and 31 December 2020 are as follows:

Account Name	30.09..2021	31.12.2020
Merchandise	132.327.269	81.361.581
Total	132.327.269	81.361.581

As of 30 September 2021 and 31 December 2020, the Company does not have any inventory impairment.

14. RIGHT OF USE ASSETS AND LEASE LIABILITIES

As of 30 September 2021 and 30 September 2020, the Company's right of use assets 6.354.647 and related accumulated depreciation 2.156.295 TL and net book value 4.198.352 TL (30 September 2020: right of use; 5.740.218 TL, accumulated depreciation; 1.213.478 TL and net book value; 4.526.740 TL).

15. PREPAID EXPENSES AND DEFERRED INCOME

As of 30 September 2021 and 31 December 2020, the Company's Short Term Prepaid Expenses are as follows:

Account Name	30.09.2021	31.12.2020
Advances Given for Purchases	26.009.087	20.056.421
Short Term Prepaid Expenses	113.875	290.968
Total	26.122.962	20.347.389

As of 30 September 2021 and 31 December 2020, the Company's Long Term Prepaid Expenses are as follows:

Account Name	30.09.2021	31.12.2020
Long Term Prepaid Expenses	99.239	5.610
Total	99.239	5.610

As of 30 September 2021 and 31 December 2020, the Company's Short Term Deferred Income is as follows:

Account Name	30.09.2021	31.12.2020
Advances Received	2.448.828	2.436.565
Total	2.448.828	2.436.565

As of 30 September 2021 and 31 December 2020, the Company does not have Long Term Deferred Income.

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FOR THE PERIOD ENDED 30 SEPTEMBER 2021***(Amounts are expressed in Turkish Lira unless otherwise indicated)***16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

As of 30 September 2021 and 31 December 2020, the Company has no Investments Accounted for Using the Equity Method.

17. INVESTMENT PROPERTIES

As of 30 September 2021 and 30 September 2020, the Company does not have Investment Properties.

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

As of 30 September 2021 and 30 September 2020, the Company's property, plant and equipment and related accumulated depreciation movements are as follows:

30.09.2021**Cost**

Account Name	01.01.2021	Additions (+)	Disposals (-)	30.09.2021
Plant, Machinery and Equipment	5.534.100	1.482.819	-	7.016.919
Vehicles	2.984.003	664.014	-	3.648.017
Furniture and Fixtures	2.529.904	2.435.091	-	4.964.995
Leasehold Improvements	9.730.516	810.367	-	10.540.883
Land	-	15.425.000	-	15.425.000
Investment in progress	-	151.500	-	151.500
Total	20.778.523	20.968.791	-	41.747.314

Accumulated Depreciation

Account Name	01.01.2021	Period Amortization (+)	Disposals (-)	30.09.2021
Plant, Machinery and Equipment	1.087.766	544.322	-	1.632.088
Vehicles	1.274.897	413.407	-	1.688.304
Furniture and Fixtures	747.283	319.508	-	1.066.791
Leasehold Improvements	3.653.468	1.150.754	-	4.804.222
Total	6.763.414	2.427.991	-	9.191.405
Net Book Value	14.015.109			32.555.909

As of 30.09.2021, the Company has no pledges, mortgages or inhibitions on property, plant and equipment.

As of 30.09.2021, the Company's total insurance coverage on assets is TL 57.434.

YÜKSELEN ÇELİK ANONİM ŞİRKETİ

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18. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS (continued)

30.09.2020**Cost**

Account Name	01.01.2020	Additions (+)	Disposals (-)	30.09.2020
Plant, Machinery and Equipment	3.710.417	1.856.070	(59.969)	5.506.518
Vehicles	2.298.654	685.349	-	2.984.003
Furniture and Fixtures	1.425.492	434.955	-	1.860.447
Leasehold Improvements	3.617.833	5.141.796	-	8.759.629
Total	11.052.396	8.118.170	(59.969)	19.110.597

Accumulated Depreciation

Account Name	01.01.2021	Period Amortization (+)	Disposals (-)	30.09.2021
Plant, Machinery and Equipment	645.198	317.229	-	962.427
Vehicles	876.270	281.896	-	1.158.166
Furniture and Fixtures	537.865	138.529	-	676.394
Leasehold Improvements	2.862.452	462.759	-	3.325.211
Total	4.921.786	1.200.413	-	6.122.199
Net Book Value	6.130.610			12.988.397

19. INTANGIBLE ASSETS

Other Intangible Assets

The Company's Other Intangible Assets as of 30 September 2021 and 30 September 2020 are as follows:

30.09.2021**Cost**

Account Name	01.01.2021	Additions (+)	Disposals (-)	30.09.2021
Rights	174.566	168.791	-	343.357
Total	174.566	168.791	-	343.357

Accumulated Depreciation

Account Name	01.01.2021	Period Amortization (+)	Disposals (-)	30.09.2021
Rights	(73.625)	(42.827)	-	(116.452)
Total	(73.625)	(42.827)	-	(116.452)
Net Book Value	100.941			226.905

30.09.2020**Cost**

Account Name	01.01.2020	Additions (+)	Disposals (-)	30.09.2020
Rights	123.967	50.599	-	174.566
Total	123.967	50.599	-	174.566

Accumulated Depreciation

Account Name	01.01.2020	Period Amortization (+)	Disposals (-)	30.09.2020
Rights	(43.854)	19.984	-	63.839
Total	(43.854)	19.984	-	63.839
Net Book Value	80.112			110.727

YÜKSELEN ÇELİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS
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(Amounts are expressed in Turkish Lira unless otherwise indicated)

20. EMPLOYEE BENEFITS PAYABLES

As of 30 September 2021 and 31 December 2020, the Company's Employee Benefits Payables are as follows:

Account Name	30.09.2021	31.12.2020
Payables to Personnel	484.441	-
Taxes Payables	236.280	142.160
SSI Premium Payables	238.039	113.068
Total	958.760	255.228

21. GOVERNMENT GRANTS

As of 30 September 2021 and 31 December 2020, the Company does not have any Government Grants.

22. SHORT TERM PROVISIONS

As of 30 September 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 30 September 2021 and 31 December 2020, are as follows:

		30.09.2021	31.12.2020
	Currency	Original Amount	Original Amount
Letters of Guarantee Given	TL	13.008.880	7.811.700
Bill of Guarantees Given	TL	-	6.630.000
Total		13.008.880	14.441.700
Letters of Guarantee Received	TL	152.391.000	780.000
Total		152.391.000	780.000

ii) Guarantees and mortgages on assets

As of 30 September 2021 and 31 December 2020, the Company does not have mortgages on assets.

iv) Ratio of guarantees and mortgages to equity

As of 30 September 2021 and 31 December 2020, the Company's collateral / pledge / mortgage position are as follows:

Collateral, Pledge, Mortgages Given by the Company	30.09.2021	31.12.2020
A. Total amount of CPM given in the name of its own legal personality	13.008.880	7.811.700
<i>Guarantee Letter</i>	13.008.880	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	13.008.880	14.441.700

(*) 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.

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES TO FINANCIAL STATEMENTS
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As of 30 September 2021 and 31 December 2020, the Company does not have any export and import commitments.

24. LONG TERM PROVISIONS

As of 30 September 2021 and 31 December 2020, the Company's Long Term Provisions are as follows:

Severance Payment Provisions:

Account Name	30.09.2021	31.12.2020
Severance Payment Provision	562.319	579.169
Total	562.319	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 30 September 2021 is subject to the ceiling of TL 7.638,96- (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 30 September 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 30 September 2021, the provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 9,50% and an interest rate of 13,60%, resulting in a real discount rate of 3.74%. (31 December 2020: %3.64 real discount rate).

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

	01.01.2021	01.01.2020
	30.09.2021	30.09.2020
Balance at the Beginning of the Period	579.169	415.555
Current Period Service Cost	60.813	14.206
Interest Cost	59.377	25.535
Actuarial Gains / Losses	(137.040)	4.999
Payment	-	(6.992)
Balance at the End of the Period	562.319	453.303

As of 30 September 2021 and 31 December 2020, the Company does not have any Long Term Provision for Litigations.

25. TAX ASSETS AND LIABILITIES

As of 30 September 2021 and 31 December 2020, the Company does not have any Assets related to Current Period Tax.

As of 30 September 2021 and 31 December 2020, the Company has Liabilities related to Current Period Tax amounting to 5.952.720 TL (31 December 2020: 2.178.814 TL).

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES TO FINANCIAL STATEMENTS
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Other Current Assets of the Company as of 30 September 2021 and 31 December 2020 are as follows:

Account Name	31.09.2021	31.12.2020
Advances Given to Employee	187.251	222.605
Total	187.251	222.605

As of 30 September 2021 and 31 December 2020, the Company does not have any Other Non-Current Assets.

As of 30 September 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 30 September 2021 and 31 December 2020, are as follows:

	30.09.2021		31.12.2020	
	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 30 September 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 30 September 2021 and 31 December 2020, the Company's Restricted Reserves from Retained Earnings are as follows:

Account Name	30.09.2021	31.12.2020
Statutory Reserves	3.311.728	2.395.783
Total	3.311.728	2.395.783

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES TO FINANCIAL STATEMENTS
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Previous Year Profit / Loss consists of Extraordinary Reserves and Other Previous Year Profit / Losses. As of 30 September 2021 and 31 December 2020, the Company's Previous Years Profits/(Losses) are as follows:

Account Name	30.09.2021	31.12.2020
Other Previous Year's Profits/(Losses)	27.119.348	13.678.929
Extraordinary Reserves	2.795.186	2.795.186
Total	29.914.534	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 30 September 2021 and 31 December 2020, the Company's Repurchased Shares are as follows:

Account Name	30.09.2021	31.12.2020
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 30 September 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 30 September 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	30.09.2021	31.12.2020
Defined Benefit Plans Remeasurement Gains/Losses	(131.211)	(240.843)
Total	(131.211)	(240.843)

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 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 30 September 2021 and 30 September 2020, is as follows.

Account Name	01.01.2021 30.09.2021	01.7.2021 30.09.2021	01.01.2020 30.09.2020	01.07.2020 30.09.2020
Domestic Sales	395.329.609	156.922.164	122.092.014	46.120.517
Foreign Sales	4.348.346	1.840.495	688.389	-
Other Income	279.798	104.997	155.094	68.142
Sales Returns (-)	(2.083.206)	(1.188.784)	(1.345.546)	(251.698)
Sales Discounts (-)	(809.845)	(347.870)	(449.239)	(52.491)
Net Sales	397.064.702	157.331.002	121.140.712	45.884.470
Cost of Sales (-)	(300.235.120)	(114.246.066)	(102.949.028)	(37.982.403)
Gross Profit/(Loss)	96.829.582	43.084.936	18.191.684	7.902.067

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

The Company's General Administrative Expenses, Marketing, Sales and Distribution Expenses as of 30 September 2021 and 30 September 2020, are as follows.

Account Name	01.01.2021 30.09.2021	01.07.2021 30.09.2021	01.01.2020 30.09.2020	01.07.2020 30.09.2020
Marketing, Sales and Distribution Expenses	(8.736.297)	(3.559.979)	(3.838.170)	(1.441.174)
General Administrative Expenses	(7.058.921)	(2.520.839)	(3.724.355)	(1.403.538)
Total	(15.795.218)	(6.080.818)	(7.562.525)	(2.844.712)

30. EXPENSES BY NATURE

Expenses by Nature of Company as of 30 September 2021 and 30 September 2020, is as follows.

Marketing, Sales and Distribution Expenses	01.01.2021 30.09.2021	01.07.2021 30.09.2021	01.01.2020 30.09.2020	01.07.2020 30.09.2020
Personnel Expenses	(3.865.580)	(1.737.439)	(1.391.298)	(591.331)
Freight Expenses	(1.434.090)	(419.152)	(806.049)	(326.568)
Depreciation and Amortization Expenses	(1.370.121)	(474.426)	(340.567)	(133.573)
Maintenance and Repair Expenses	(256.042)	(47.314)	(117.001)	(49.172)
Vehicle Expenses	(267.801)	(94.149)	(186.024)	(74.793)
Consultancy and Audit Expenses	(429.483)	(292.315)	(397.234)	-
Fair & Advertisement& Market Research Expenses	(175.173)	(105.580)	(166.248)	(32.395)
Insurance Expenses	(44.465)	(15.436)	(41.196)	(12.830)
Travel Expenses	(64.533)	(54.740)	(22.547)	(1.200)
Other Expenses	(829.009)	(319.437)	(370.006)	(113.302)
Total	(8.736.297)	(3.559.979)	(3.838.170)	(1.441.174)

General Administrative Expenses	01.01.2021 30.09.2021	01.07.2021 30.09.2021	01.01.2020 30.09.2020	01.07.2020 30.09.2020
Personnel Expenses	(3.042.980)	(1.190.538)	(1.835.525)	(724.064)
Depreciation and Amortization Expenses	(1.802.748)	(499.217)	(873.381)	(237.003)
Outsourced Benefits and Services	(583.470)	(292.922)	(118.818)	(40.167)
Insurance Expenses	(524.100)	(366.698)	(275.873)	(69.540)
Utility Expenses	(44.438)	(9.654)	(45.632)	(14.648)
Communication and IT Expenses	(30.123)	(12.187)	(27.898)	(9.719)
Taxes and Other Legal Dues Expenses	(23.929)	(6.364)	(54.025)	(40.742)
Other Expenses	(1.007.133)	(143.259)	(493.203)	(267.655)
Total	(7.058.921)	(2.520.839)	(3.724.355)	(1.403.538)

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Depreciation and Amortization Expenses				
Account Name	01.01.2021 30.09.2021	01.07.2021 30.09.2021	01.01.2020 30.09.2020	01.07.2020 30.09.2020
General Administrative Expenses	(1.802.748)	(499.217)	(873.381)	(237.003)
Marketing, Sales and Distribution Expenses	(1.370.121)	(474.426)	(340.567)	(133.573)
Total	(3.172.869)	(973.643)	(1.213.948)	(370.576)

31. OTHER OPERATING INCOME / (EXPENSES)

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

Other Operating Income	01.01.2021 30.09.2021	01.07.2021 30.09.2021	01.01.2020 30.09.2020	01.07.2020 30.09.2020
Current Period Rediscount Income	5.531.492	-	3.462.752	(219.533)
Interest Eliminated from Sales	6.467.226	2.416.357	7.149.927	4.289.343
Foreign Exchange Difference Income	2.280.718	436.279	811.390	415.385
Provisions No Longer Required (Doubtful Receivables)	-	-	251.710	105.254
Other Income and Profits	434.908	53.695	678.560	166.096
Total	14.714.344	2.906.331	12.354.339	4.756.545

Other Operating Expenses	01.01.2021 30.09.2021	01.07.2021 30.09.2021	01.01.2020 30.09.2020	01.07.2020 30.09.2020
Interest Eliminated from Purchases	(2.983.568)	(95.591)	(3.452.051)	(1.695.044)
Foreign Exchange Difference Expenses	(2.311.809)	(872.006)	(7.147.759)	(2.000.533)
Current Period Rediscount Expense	(1.234.147)	(653.519)	(3.628.681)	(1.033.286)
Doubtful Receivables Provision Expenses	(323.443)	(55.449)	(5.593)	54.408
Other Expenses	(2.541.805)	(2.361.005)	(210.069)	(73.636)
Total	(9.394.772)	(4.037.570)	(14.444.153)	(4.748.091)

32. INCOME/ (EXPENSES) FROM INVESTMENT ACTIVITIES

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

Income from Investment Activities	01.01.2021 30.09.2021	01.04.2021 30.09.2021	01.01.2020 30.09.2020	01.04.2020 30.09.2020
Profit on Disposal of Securities	99.638	51.840	26.017	2.340
Total	99.638	51.840	26.017	2.340

As of 30 September 2021 and 30 September 2020, the Company does not have Expenses from Investment Activities

YÜKSELEN ÇELİK ANONİM ŞİRKETİ**NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021***(Amounts are expressed in Turkish Lira unless otherwise indicated)***33. FINANCIAL INCOME / EXPENSE**

The Financial Income/(Expense) of the Company as of 30 September 2021 and 30 September 2020, are as follows.

	01.01.2021	01.07.2021	01.01.2020	01.07.2020
Financial Income	30.09.2021	30.09.2021	30.09.2020	30.09.2020
Interest Income	1.653.262	23.627	2.256.233	981.453
Foreign Exchange Difference Income	136.213	48.387	910.453	257.893
Other Income	-	-	981.907	959.116
Total	1.789.475	72.014	4.148.593	2.198.462

Financial Expenses				
Interest Expense	(12.508.381)	(6.393.232)	(923.491)	372.934
Foreign Exchange Difference Expenses	(1.361.542)	(207.340)	(2.405.503)	(2.158.238)
Other	(837.908)	(293.108)	(931.565)	(834.933)
Total	(14.707.831)	(6.893.680)	(4.260.559)	(2.620.237)

34. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

As of 30 September 2021 and 30 September 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.

	01.01.2021	01.07.2021	01.01.2020	01.07.2020
Account Name	30.09.2021	30.09.2021	30.09.2020	30.09.2020
Current Period Statutory Tax Provision (-)	(12.257.756)	(5.955.138)	(2.535.538)	(840.895)
Deferred Tax Income / (Expense)	(8.348.578)	(1.929.956)	944.034	43.530
Total Tax Income/(Expense)	(20.606.334)	(7.885.094)	(1.591.504)	(797.365)

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	30.09.2021	31.12.2020
Tax Provision	(12.257.756)	(4.716.559)
Prepaid Taxes	6.305.036	2.537.745
Period Profit Tax Liabilities	(5.952.720)	(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.

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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	
	30.09.2021	31.12.2020	30.09.2021	31.12.2020
Inventories	35.071.149	6.149.113	(8.767.787)	(1.352.805)
Rediscount	480.505	(3.816.840)	(120.126)	839.707
Derivative Instruments	-	(816.947)	-	179.728
Provision for Doubtful Receivables	(1.033.177)	(709.734)	229.854	156.141
Leases (TFRS 16)	(1.180.782)	(548.078)	236.157	120.577
Provision Employment Termination Benefits	(562.319)	(579.169)	112.464	127.417
Property, Plant and Equipment and Intangible Assets	(125.522)	(157.000)	25.105	34.540
Provision for Loan Interests	44.728	11.229	11.182	(2.470)
Deferred Tax Assets / (Liabilities), Net	32.694.582	(467.426)	(8.273.151)	102.835
			01.01.2021	01.01.2020
			30.09.2021	30.09.2020
Deferred Tax Asset/(Liabilities) at Beginning of the Period (Net)			102.835	(1.519.158)
Deferred Tax Liabilities Offset in Equity			(27.408)	1.100
Deferred Tax Income / (Expense)			(8.348.578)	944.032
Deferred Tax Assets/(Liabilities) at the End of the Period			(8.273.151)	(574.026)

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35. INCOME TAX (continued)

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

Reconciliation of Tax Provision	01.01.2021 30.09.2021	01.01.2020 30.09.2020
Profit/Loss Before Tax	73.535.218	8.453.396
Corporate Tax Rate %25 (2020: %22)	(18.383.805)	(1.859.747)
Tax Effect:		
- Tax Free Income	(1.498.730)	523.849
- Non Tax Deductible Expenses	(633.964)	(255.606)
-Other	(89.835)	-
Tax Provision Expense in the Income Statement	(20.606.334)	(1.591.504)

36. EARNINGS/(LOSSES) PER SHARE

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

	01.01.2021 30.09.2021	01.07.2021 30.09.2021	01.01.2020 30.09.2020	01.07.2020 30.09.2020
Earnings Per Share				
Period Profit/(Losses)	52.928.884	21.217.959	6.861.892	3.849.009
Weighted Average Number of Shares	125.000.000	125.000.000	86.620.000	86.620.000
Earnings /(Losses) Per Share	0,4234	0,1697	0,0792	0,0444

37. RELATED PARTY DISCLOSURES

a) Company's related parties balances are as follows:

The other related payables balances is amounting to TL 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.

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

As of 30 September 2021 and 30 September 2020, purchases from related parties are as follows:

30.09.2021

Purchases

Related Parties	Goods	Interest	Rent	Fixed asset purchase	Total
Shareholders	109.668	-	122.500	295.000	527.168
Sky Fuarçılık A.Ş.	-	-	1.150.000	-	1.150.000
Total	109.668	-	1.272.500	295.000	1.677.168

As of 30 September 2021, the Company does not have sales to related parties.

30.09.2020

As of 30 September 2020, the Company does not have purchase and sales to related parties.

Total Key Management Compensation

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As of 30 September 2021, the total amount of key management compensation is TL 1.121.034. (31 December 2020: TL 978.547)

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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.

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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 30 September 2021 and 31 December 2020 is presented below:

	Foreign Exchange Position Table					
	30.09.2021			31.12.2020		
	TL Equivalent	USD	EURO	TL Equivalent	USD	EURO
1. Trade Receivables	10.655.548	1.200.152	85.505	13.489	1.838	-
2a. Monetary Financial Assets	704.293	1.184	67.401	632.037	21.741	52.448
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	13.541.059	1.170.010	306.328	-	-	-
4. Total Current Assets (1+2+3)	24.900.900	2.371.346	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)	24.900.900	2.371.346	459.234	645.526	23.579	52.448
10. Trade Payables	6.870.337	772.425	-	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)	6.870.337	772.425	-	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)	6.870.337	772.425	-	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)	18.030.563	1.598.920	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)	18.030.563	1.598.920	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	-	-	-	-	-	-
24. Foreign Exchange Hedged Portion Amount of Liabilities	-	-	-	-	-	-
25. Export	4.348.346	11.005	455.693	3.700.138	-	315.253
26. Import	148.408.855	14.042.880	3.145.688	62.793.641	7.855.880	1.298.370

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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		
30.09.2021		
	Profit / Loss	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency
USD against TL by 10% value change;		
1- USD Net Asset / Liability	1.419.602	(1.419.602)
2- Hedged portion of USD Risk (-)	-	-
3- USD Net Effect (1+2)	1.419.602	(1.419.602)
EURO against TL by 10% value change;		
4- EURO Net Asset / Liability	470.860	(470.860)
5- Hedged portion of Euro Risk (-)	-	-
6- EURO Net Effect (4+5)	470.860	(470.860)
TOTAL	1.890.462	(1.890.462)

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

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.

30.09.2021

	Book Value	Total Cash Outflows	1-3 months	3-12 months	1-5 years
Financial Liabilities	122.646.901	110.737.323	2.282.122	108.455.200	-
Financial Leasing Payables	5.379.134	7.998.840	447.144	1.810.935	5.740.761
Trade Payables	52.922.172	53.402.677	53.402.677	-	-
Other Payables	4.300.000	4.300.000	4.300.000	-	-
Total	185.248.207	176.438.840	60.431.943	110.266.135	5.740.761

	Book Value	Total Contractual Cash Outflows	Shorter than 3 months	3-12 months	1-5 years	5 years and over
Derivative Financial Liabilities	-	-	-	-	-	-
Derivative Instruments	-	-	-	-	-	-
Cash Inflows	-	-	-	-	-	-
Derivative Instruments	-	-	-	-	-	-
Cash Outflows	-	-	-	-	-	-

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

Fixed Interest Rate Financial Instruments	30.09.2021	31.12.2020
Financial Assets		-
Financial Liabilities	128.119.165	8.937.848
Floating Interest Rate Financial Instruments	30.09.2021	31.12.2020
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 30 September 2021 and 31 December 2020, the Company's net debt / used capital ratio is as follows:

	30.09.2021	31.12.2020
Total Debt	208.696.887	69.411.317
Less: Cash and Cash Equivalents	(1.169.996)	(1.170.699)
Net Debt	207.526.891	68.240.618
Total Capital	211.023.935	153.984.869
Net Debt/Capital Used	0,983	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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39. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON FINANCIAL HEDGING ACCOUNTING)

30.09.2021	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							
Cash and Cash Equivalents	6	1.169.996	-	-	-	1.169.996	1.169.996
Trade Receivables	10	-	219.109.729	-	-	-	219.109.729
Financial Liabilities		-	52.922.172	-	128.119.165	181.041.337	181.041.337
Financial Payables	8	-	-	-	128.119.165	128.119.165	128.119.165
Trade Payables	10	-	52.922.172	-	-	52.922.172	52.922.172
31.12.2020							
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		-	44.542.092	-	8.937.848	53.479.940	53.479.940
Financial Payables	8	-	-	-	8.937.848	8.937.848	8.937.848
Trade Payables	10	-	44.542.092	-	-	44.542.092	44.542.092

YÜKSELEN ÇELİK ANONİM ŞİRKETİ

NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 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

None.

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.