(Convenience translation into English of the independent auditors' report and financial statements originally issued in Turkish – See Note 36)

İZMİR DEMİR ÇELİK SANAYİ A.Ş. AND ITS SUBSIDIARIES

Financial statements for the period between January 1 - December 31, 2021 and independent auditors' report

Güney Bağımsız Denetim ve SMMM A.Ş.
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(Convenience translation into English of the independent auditors' report originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of İzmir Demir Çelik Sanayi Anonim Şirketi;

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of İzmir Demir Çelik Anonim Şirketi ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

2) Basis for Opinion

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

3) Key Audit Matters

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

(Convenience translation into English of the independent auditors' report originally issued in Turkish)

Key audit matter	**How the matter was addressed in the audit**
Recoverability of deferred tax assets	
According to the Turkish tax legislation, financial losses shown on the tax return can be deducted from the corporate income for a period within 5 years. The total amount of the accumulated tax losses of the Group are TL 2.066.254.689 as of December 31, 2021. The Company has interest incentives that can be deducted from the corporate tax obtained from the cash capital increase in the paid or issued capital amounts within the scope of the law. As of 31 December 2021, the Group has recognized deferred tax asset amounting to TL 311.442.917 over the tax losses carried and deferred tax assets amounting to TL 36.780.000 calculated based on the cash capital increase interest incentive as stated in Note 27. The total or partial recoverable amount of the deferred tax asset calculated and recognized based on the assumptions under the current conditions is estimated by the Group Management. During the evaluation, future business plans, losses incurred in the current period and the dates when the unused losses could be used are taken into consideration. The subject of income tax deduction has been identified as a key audit matter for our audit, as it requires evaluation and judgment. The details of deferred tax assets are disclosed in Note 27.	During our audit, we have inquired management evaluation about recoverability of tax assets by examining business plans in the future and expire date of carry forward tax losses. During evaluation phase, profit projections, current year profit or losses, expiry date of carry forward tax losses and other tax assets have been taken into consideration. As part of our audit, significant key assumptions used by Group Management in business plans related to this matter were examined and their appropriateness was evaluated. In order to investigate deferred tax effect of unused tax losses, internal tax experts from another entity that is a part of the our same audit network have been involved and the measurement of the related deferred tax assets has been submitted for consideration and investigation of tax experts. In addition, the disclosures regarding the matter in the consolidated financial statements were evaluated in accordance with TAS 12.

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

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

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

Those charged with governance are responsible for overseeing the Group financial reporting process.

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(Convenience translation into English of the independent auditors' report originally issued in Turkish)

5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

(Convenience translation into English of the independent auditors' report originally issued in Turkish)

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

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

B) Report on Other Legal and Regulatory Requirements

1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on March 9, 2022.

2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2021 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.

3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Mehmet Başol Çengel.

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

Mehmet Başol Çengel, SMMM
Partner

March 9, 2022
İzmir, Turkey

(Convenience translation into English of the independent auditors' report originally issued in Turkish)

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(Convenience translation into English of the independent auditors' report originally issued in Turkish)

İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

(Amounts expressed in TL)

ASSETS	Note	*Audited* Current period 31.12.2021	*Audited* Prior period 31.12.2020
Current Assets			
Cash and Cash Equivalents	5	2.038.466.872	255.835.616
Trade Receivables		258.790.289	86.470.527
Trade receivables from related parties	*4*	*42.565*	*2.831.210*
Trade receivable from third parties	*7*	*258.747.724*	*83.639.317*
Other Receivables		107.711.622	66.014.887
Other Receivables from related parties	*4*	*105.922.053*	*63.658.902*
Other receivables from third parties	*8*	*1.789.569*	*2.355.985*
Derivative Instruments	29	-	2.854.952
Inventories	9	1.812.214.071	935.300.544
Prepaid Expenses	10	84.734.360	50.124.649
Other Current Assets	18	15.604.335	12.690.103
TOTAL CURRENT ASSETS		**4.317.521.549**	**1.409.291.278**
Non-Current Assets			
Financial Investment	6	1.023.056	937.679
Other Receivables	8	4.655.468	2.575.090
Investment Properties	11	138.875.000	87.991.000
Property, Plant and Equipment	12	2.937.901.505	3.029.301.372
Right of use assets	12	45.807.050	17.753.117
Intangible Assets	13	364.210	357.402
Prepaid Expenses	10	184.572.404	-
Deferred Tax Asset	26	120.397.553	73.914.362
TOTAL NON-CURRENT ASSETS		**3.433.596.246**	**3.212.830.022**
TOTAL ASSETS		**7.751.117.795**	**4.622.121.300**
LIABILITIES			
Current Liabilities			
Short-term Borrowings	30	4.335.121.362	2.161.008.213
Short-term Portion of Long-term Borrowings	30	1.094.465.732	305.513.113
Trade Payables		136.581.903	100.378.288
Trade payables to related parties	*4*	*4.679.056*	*1.145.870*
Other payables to third payables	*7*	*131.902.847*	*99.232.418*
Employee Benefits Liabilities	16	29.007.769	15.891.080
Other Payables	8	1.783.571	1.722.848
Deferred Income	18	576.510.903	610.595.918
Derivative Instruments	29	-	1.655.498
Current Income Tax Liability	26	-	3.177.192
Other Current Liabilities	18	113.568.288	78.838.078
TOTAL CURRENT LIABILITIES		**6.287.039.528**	**3.278.780.228**
Non-current Liabilities			
Long-term Borrowings	30	500.374.949	696.372.354
Long-term Provisions		56.619.162	47.262.041
Long term provisions related to employee benefits	*16*	*56.619.162*	*47.262.041*
Deferred Tax Liabilities	26	106.616.045	157.489.458
TOTAL NON- CURRENT LIABILITIES		**663.610.156**	**901.123.853**
EQUITY			
Equity Attributable to Owners of the Company		**778.281.755**	**409.106.429**
Paid-in Capital	19	1.500.000.000	375.000.000
Adjustment on Capital	19	22.763.962	22.763.962
Share premiums		2.884.035	-
Other Accumulated Comprehensive Income/ Expense not to be Reclassified under Profit or Loss		1.521.238.814	1.607.821.839
Gain/ loss on revaluation and re-measurement	*19*	*1.521.238.814*	*1.607.821.839*
Legal Reserves	19	25.832.374	25.832.374
Retained Earnings/(Losses)		(1.528.337.297)	(1.166.593.025)
Net Profit/(Loss) for the Period		(766.100.133)	(455.718.721)
Non-controlling Interests	19	**22.186.356**	**33.110.790**
TOTAL EQUITY		**800.468.111**	**442.217.219**
TOTAL LIABILITIES		**7.751.117.795**	**4.622.121.300**

The accompanying notes are an integral part of these consolidated financial statements.

İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES

CONSOLIDATED PROFIT OR LOSS STATEMENT
FOR THE PERIOD ENDED 1 JANUARY 2021 - 31 DECEMBER 2021

(Amounts expressed in TL)

	Note	*Audited* Current Period 01.01 - 31.12.2021	*Audited* Prior Period 01.01 - 31.12.2020
PROFIT OR LOSS			
Revenue	20	10.823.179.851	5.211.853.246
Cost of Sales (-)	20	(9.694.922.205)	(4.881.840.255)
GROSS PROFIT		**1.128.257.646**	**330.012.991**
General Administrative Expenses (-)	21	(66.183.132)	(53.757.208)
Marketing Expenses (-)	21	(37.321.577)	(17.554.504)
Other Income from Operating Activities	22	156.724.561	126.282.463
Other Expenses from Operating Activities (-)	22	(8.198.410)	(36.785.902)
OPERATING PROFIT		**1.173.279.088**	**348.197.840**
Income from Investing Activities	23	50.884.000	17.911.738
Expenses from Investing Activities (-)	23	(14.928.510)	(87.283.153)
OPERATING PROFIT BEFORE FINANCE EXPENSE		**1.209.234.578**	**278.826.425**
Finance Income	24	503.014.119	35.800.112
Finance Expenses (-)	24	(2.569.780.467)	(824.578.580)
OPERATING LOSS BEFORE TAX		**(857.531.770)**	**(509.952.043)**
Tax Income		**75.018.766**	**47.428.381**
Tax Expense	26	(9.427.994)	(5.976.152)
Deferred Tax Income	26	84.446.760	53.404.533
LOSS FOR THE PERIOD		**(782.513.004)**	**(462.523.662)**
Loss Attributable to			
Non-controlling Interests	19	(16.412.871)	(6.804.941)
Owners of the Company		(766.100.133)	(455.718.721)
Diluted Profit/(Losses) Per Share	27	(0,7309)	(1,2152)

The accompanying notes are an integral part of these consolidated financial statements..

İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 1 JANUARY 2021 – 31 DECEMBER 2021

(Amounts expressed in TL)

	Note	*Audited* **Current Period** **01.01 - 31.12.2021**	*Audited* **Prior Period** **01.01 - 1.12.2020**
LOSS FOR THE PERIOD		**(782.513.004)**	**(462.523.662)**
OTHER COMPREHENSIVE INCOME			
Items not to be reclassified through profit or loss		**10.523.576**	**577.652.277**
Increase/(Decrease) on Revaluation of Property Plant and Equipment,		**-**	734.832.373
Actuarial Gain/(Losses) on Employee Termination Benefit Obligation	16	(2.386.268)	(12.767.028)
Taxes Relating to Other Comprehensive Income/ Expenses not to be Reclassified to Profit or Loss	26	12.909.844	(144.413.068)
OTHER COMPREHENSIVE INCOME		**10.523.576**	**577.652.277**
TOTAL COMPREHENSIVE INCOME/(LOSS)		**(771.989.428)**	**115.128.615**
Attributable to			
Non-controlling Interests		(16.433.362)	9.198.495
Shareholders' of the parent		(755.556.066)	105.930.120

The accompanying notes are an integral part of these consolidated financial statements.

İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 1 JANUARY 2021 - 31 DECEMBER 2021

(Amounts expressed in TL)

	Paid-in Capital	Share premiums	Adjustment on Capital	Revaluation Fund on Property, Plant and Equipment	Gain/ (Loss) on benefit plans Re-measurement	Legal Reserves	Retained Earnings / (Losses)	Net Profit / (Loss) for the Period	Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
PRIOR PERIOD											
Balance at 1 January 2020 (Beginning of the period)	**375.000.000**	**-**	**22.763.962**	**1.118.494.716**	**(4.368.031)**	**25.832.374**	**(711.282.563)**	**(523.264.149)**	**303.176.309**	**23.912.295**	**327.088.604**
Transfers	-	-	-	(67.953.687)	-	-	(455.310.462)	523.264.149	-	-	-
Other comprehensive income/loss	-	-	-	571.799.431	(10.150.590)	-	-	-	561.648.841	16.003.436	577.652.277
Net profit/(loss) for the period	-	-	-	-	-	-	-	(455.718.721)	(455.718.721)	(6.804.941)	(462.523.662)
Balance at 31 December 2020 (End of the period)	**375.000.000**	**-**	**22.763.962**	**1.622.340.460**	**(14.518.621)**	**25.832.374**	**(1.166.593.025)**	**(455.718.721)**	**409.106.429**	**33.110.790**	**442.217.219**
CURRENT PERIOD											
Balance at 1 January 2021 (Beginning of the period)	**375.000.000**	**-**	**22.763.962**	**1.622.340.460**	**(14.518.621)**	**25.832.374**	**(1.166.593.025)**	**(455.718.721)**	**409.106.429**	**33.110.790**	**442.217.219**
Capital increase (Not 20)	1.125.000.000	2.884.035	-	-	-	-	-	-	1.127.884.035	5.566.000	1.133.450.035
Transfers	-	-	-	(97.351.849)	-	-	(358.366.872)	455.718.721	-	-	-
Other comprehensive income/loss	-	-	-	12.430.267	(1.886.200)	-	-	-	10.544.067	(20.491)	10.523.576
Net profit/(loss) for the period	-	-	-	-	-	-	-	(766.100.133)	(766.100.133)	(16.412.871)	(782.513.004)
Increase/decrease due to change in shareholding at subsidiary				225.153	(396)	-	(167.685)	-	57.072	(57.072)	-
Increase/decrease due to other changes	-	-	-	-	-	-	(3.209.715)	-	(3.209.715)	-	(3.209.715)
Balance at 31 December 2021 (End of the period)	**1.500.000.000**	**2.884.035**	**22.763.962**	**1.537.644.031**	**(16.405.217)**	**25.832.374**	**(1.528.337.297)**	**(766.100.133)**	**778.281.755**	**22.186.356**	**800.468.111**

İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 DECEMBER 2021

(Amounts expressed in TL)

	Notes	*Audited* Current Period 01.01 - 31.12.2021	*Audited* Prior Period 01.01 - 31.12.2020
A. CASH FLOWS FROM OPERATING ACTIVITIES		**445.020.009**	**519.099.942**
Net profit/(loss) for the period		(782.513.004)	(462.523.662)
Adjustments for net profit/loss for the period reconciliation		**2.235.835.272**	**503.513.784**
Adjustments for depreciation and amortization	17	193.425.623	158.552.376
Adjustments for impairment (cancellation)		(1.346.424)	17.484.851
- *Adjustments for impairment (cancellation) receivables*	*7*	*(883.102)*	*(1.663.085)*
- *Adjustments for impairment (cancellation) inventory*	*9*	*(463.322)*	*(5.338.309)*
- *Adjustments for impairment (cancellation) fixed assets*	23	-	*24.486.245*
Adjustments related with provisions	16	11.280.734	9.222.053
Adjustments for interest income and expenses	22,24	146.259.650	165.286.081
Adjustments to (gain)/loss on fair value		(36.376.349)	49.353.840
- Adjustments to (gain)/loss on fair value of investment properties	*11*	(50.884.000)	(11.366.000)
- Adjustments to (gain)/loss on fair value of financial instruments	*23*	*14.507.651*	*60.719.840*
Adjustments for tax expense/(income)	26	(75.018.766)	(47.428.381)
Other adjustments for non-cash items		1.997.189.945	155.511.634
Adjustments for (gain)/loss on disposal of tangible assets	23	420.859	(4.468.670)
Changes in working capital		**(988.635.879)**	**492.643.740**
Adjustments for (increase)/decrease in trade receivables		(132.624.179)	34.797.806
Adjustments for (increase)/decrease in other receivables		(505.766)	2.688.147
Adjustments for (increase)/decrease in inventories		(869.623.529)	(129.874.105)
Adjustments for increase/(decrease) in trade payables		35.152.998	17.812.682
Adjustments for increase/(decrease) in other payables		60.723	992.511
Adjustments for increase/(decrease) in working capital		(21.096.126)	566.226.699
Net cash provided from operating activities		**464.686.389**	**533.633.862**
Payment for the employee benefits provisions	16	(4.309.881)	(6.653.382)
Taxes paid		(15.356.499)	(7.880.538)
B. CASH FLOW USED IN INVESTING ACTIVITIES		**(297.086.135)**	**(147.265.967)**
Proceeds from sales of property, plant and equipment and intangible assets		1.445.939	3.721.515
Purchase of property, plant and equipment and intangible assets		(106.217.473)	(114.851.483)
Proceeds from sales of investment property		-	22.060.000
Cash advances given		(184.572.404)	-
Cash receipts from futures contracts, forward contracts, and swap contracts		57.421.387	14.827.919
Cash payments for futures contracts, forward contracts and swap contracts		(70.729.584)	(73.023.918)
Other cash in		5.566.000	-
C. NET CASH USED FOR FINANCING ACTIVITIES		**1.634.697.382**	**(457.577.065)**
Cash inflows from capital increase	19	1.127.884.035	-
Cash inflows from borrowings		3.321.241.225	3.097.328.281
Repayments of borrowings		(2.675.295.246)	(3.377.474.756)
Increase/(decrease) in due to related parties		(29.730.294)	44.238.372
Payments of lease liabilities		(17.767.477)	(3.382.953)
Interest paid		(118.339.181)	(235.412.659)
Interest received		29.914.035	17.126.650
Other cash outflows		(3.209.715)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**1.782.631.256**	**(85.743.090)**
D. CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD	**5**	**255.835.616**	**341.578.706**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)	**5**	**2.038.466.872**	**255.835.616**

The accompanying notes are an integral part of these consolidated financial statements

1. ORGANIZATION AND NATURE OF BUSINESS

İzmir Demir Çelik Sanayi A.Ş ("the Company") was established in 1975 to produce long steel products for domestic and international markets. Modern bar rolling mill and steel melt shop was commissioned in 1983 and 1987 respectively. Production is carried out in Aliağa heavy industrial zone at a plant located over 500,000 m² areas. Medium section mill was launched in the year 2013.
The company and its subsidiaries are engaged in production, sales, marketing of iron and steel, port services, ship operations and production, and trading of energy.

The registered address of İzmir Demir Çelik Sanayi A.Ş. is Şair Eşref Bulvarı No: 23, 35210 Konak İzmir.

Subsidiaries included in the accompanying consolidated financial statements are as follows:

Company Name	Operating Area	31 December 2021 Shareholding rate	31 December 2020 Shareholding rate
Akdemir Çelik Sanayi ve Tic. A.Ş.	Iron-steel production	%99,98	%99,98
İDÇ Liman İşletmeleri A.Ş.	Harbour operating	%99,98	%99,98
İzdemir Enerji Elektrik Üretim A.Ş.	Energy production	%94,86	%94,58

Shareholding structure:

	Share Amount (TL)	Share (%)
Şahin – Koç Çelik Sanayi A.Ş.	871.889.341	58,13
Other (Publicly traded)	628.110.659	41,87
Total	**1.500.000.000**	**100**

The Company's shares are traded at Borsa İstanbul ("BIST") under the name "IZMDC".

The Company and its subsidiaries are hereby referred to as "the group" in this report.

Number of employees is as follows:

	Blue Collar	White Collar	Manager	Top Management	Total
31 December 2021	1.203	604	31	5	1.843
31 December 2020	1.200	555	30	5	1.790

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance

The accompanying consolidated financial statements are prepared in accordance with the Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC") issued by Public Oversight Accounting and Auditing Standards Authority ("POA") Turkish Accounting Standards Boards.

Consolidated financial statements are presented in accordance with the TFRS Taxonomy developed on the basis of the financial statement samples specified in the Financial Statement Examples and User Guide published by the POA in the Official Gazette dated June 7, 2019 and numbered 30794.

The consolidated financial statements are prepared on the basis of historical cost, except for derivative financial instruments and investment properties carried at their fair value and land, underground and above ground landscapes, buildings and machinery / equipment within the tangible fixed assets measured in accordance with the TAS 16 revaluation model.

Functional and presentation currency

The group's functional currency is Turkish Lira (TL). The accompanying consolidated financial statements are presented in TL unless otherwise stated. Monetary assets and monetary liabilities incurred in foreign currency are converted to Turkish Lira on exchange rates valid as of the date of the statement of financial position

Approval of Consolidated Financial Statements

The Group's consolidated financial statements were approved by the board of directors of the company on 9 March 2022. The General Assembly and related legal entities have the right to amend the financial statements prepared in accordance with legal regulations and these financial statements.

Basis of Consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group and its subsidiaries presented in Note 1. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of the subsidiaries are included in the consolidated financial statements starting from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Offsetting

Financial assets and liabilities are offset and the net amount 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 realize the asset and settle the liability simultaneously.

Amendment of financial statements on high inflation periods

With the resolution on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of TAS 29 "Financial Reporting in Hyperinflationary Economies" issued by TASB is no longer required for companies operating in Turkey and accordingly effective from 1 January 2005, TAS 29 has not been applied in preparing the Group's consolidated financial statements in accordance with CMB Financial Reporting Standards.

In the announcement published by the Public Oversight Accounting and Auditing Standards Authority on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021, since the cumulative change in the general purchasing power of the last three years according to Consumer Price Index (CPI) is 74.41%. In this respect, financial statements as of December 31, 2021 are not adjusted for inflation in accordance with TAS 29. With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated on December 31, 2023.

2.2 Changes in Accounting Policies

A company could only change its accounting policies under following circumstances.

- If a standard or interpretation makes it necessary or
- If the financial position of the company, performance and impacts of operations and incidents upon its cash flow is able to be offered more appropriate and reliable quality in the financial statements.

Financial statements have to be comparable to enable the users of financial statements to see the trends in financial position, performance and cash flows. Therefore, if the change is not granting one of the above conditions, the accounting policies are applied consistently at each and annual period

2.3 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2021 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2021 and thereafter. The effects of these standards and interpretations on the Company / the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at 1 January 2021 are as follows:

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

In August 2020, the IASB issued Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR, amending the followings:

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying IFRS 4 Insurance Contracts that are using the exemption from IFRS 9 Financial Instruments (and, therefore, apply IAS 39 Financial Instruments: Classification and Measurement) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

Relief from discontinuing hedging relationships

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.

- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.

- For the IAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.

The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.

- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.
Additional disclosures

Amendments need additional IFRS 7 Financial Instruments disclosures such as;

How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and if IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

The amendments did not have a significant impact on the financial position or performance of the Group.

Amendments to IFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021

In May 2020, the IASB amended IFRS 16 to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic (2020 amendment). The 2020 amendment does not apply to lessors. In March 2021, the Board amended IFRS 16 to extend the availability of the practical expedient by one year (2021 amendment). The practical expedient in the 2021 amendment applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

Overall, the Group expects no significant impact on its balance sheet and equity./

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Company / the Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will wait until the final amendment to assess the impacts of the changes.

Amendments to IFRS 3 – Reference to the Conceptual Framework

In May 2020, the IASB issued amendments to IFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of IFRS 3. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to IFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS standards (March 2018).

The Group expects no significant impact on its balance sheet and equity

Amendments to IAS 16 – Proceeds before intended use

In May 2020, the IASB issued amendments to IAS 16 Property, plant and equipment. The amendments prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to IAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment.
There is no transition relief for the first time adopters.

Overall, the Group expects no significant impact on its balance sheet and equity

Amendments to IAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to IAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied prospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

Overall, the Group expects no significant impact on its balance sheet and equity

IFRS 17 - The new Standard for insurance contracts

The IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted.

In accordance with amendments issued in December 2021, entities have transition option for a "classification overlay" to avoid possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of IFRS 17. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities

In January 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements. The amendments issued to IAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted. Overall, the Group expects no significant impact on its balance sheet and equity

Amendments to IAS 8 - Definition of Accounting Estimates

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments issued to IAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted. Overall, the Group expects no significant impact on its balance sheet and equity

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to IAS 1 are effective for annual periods beginning on or after 1 January 2023. In the absence of a definition of the term 'significant' in IFRS, the Board decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in IFRS and is widely understood by the users of financial statements, according to the Board. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added. Overall, the Group expects no significant impact on its balance sheet and equity

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to IAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

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

Annual Improvements – 2018–2020 Cycle

In May 2020, the IASB issued Annual Improvements to IFRS Standards 2018–2020 Cycle, amending the followings:

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- IFRS 9 Financial Instruments – Fees in the "10 per cent test" for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.
- IAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of IAS 41.

Improvements are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for all.

2.4 Comparative Information and reclassification on prior financial statements

The accompanying consolidated financial statements are prepared in comparison with the prior period in order to determine the Group's consolidated financial position, consolidated performance and trends in consolidated cash flow. In order to ensure the comparability of the consolidated financial statements, the prior period financial statements are reorganized accordingly and clarified in relation to these issues.

The Group has prepared consolidated statement of financial position as at 31 December 2021 comparatively with the consolidated statement of financial position as at 31 December 2020, and consolidated profit or loss statement, consolidated statement of other comprehensive income, consolidated statement of cash flow and consolidated statement of changes in shareholders' equity for the period ended 31 December 2021 comparatively with the consolidated profit or loss statement, consolidated statement of other comprehensive income, consolidated statement of cash flow and consolidated statement of changes in shareholders' equity for the period ended 31 December 2020.

2.5. Going concern

The Group recorded a loss of TL 782.513.004 for the reporting period ended December 31, 2021, and in the consolidated financial statements prepared on the same date, the Group's short-term liabilities exceeded its current assets by TL 1.969.517.979

Foreign exchange rates, which have increased above expectations in recent years, have continued to rise in 2021. Exchange rates have increased by 83% since the beginning of this year during the period. The company carries out raw material purchases in foreign currency and high financing costs have been incurred due to the net foreign currency position deficit. While the company profited from its core operations, the fact that financing expenses exceeded its operating profit caused the Group to disclose losses.

Obligations to financial institutions are fulfilled on time and restructuring is not required for these loan repayments, taking into account the available cash and non-cash credit limits available to financial institutions as of the reporting date. Şahin-Koç Çelik Sanayi A.Ş.; controlling shareholder of the Group; has declared its support for the company in its support letter dated March 9,2022 that it will also provide its financial support to the Group, if necessary, to continue its operations effectively. The company has increased capital by % 300 from 375 million TL to 1,5 billion TL, which resulted in some 1,125 billion TL cash inflow. This cash inflow was used for the repayments of great deal of financial liabilities.

On the other hand, the Group achieved revenue of 10,8 billion TL and 1,3 billion TL EBITDA. The group management aims to achieve more robust financial results in accordance with 2022 projections Therefore, it is estimated that the Group have the ability to repay liabilities exceeding short-term assets at the point of payment maturities when the cash flows that will be generated from operating activities in accordance with these revenue estimates and abovementioned factors. are taken into consideration.

Group management, taking into account the developments and forecasts described above, assessed that there is no significant uncertainty regarding the ability of going concern and prepared its consolidated financial statements as of December 31, 2021 in accordance with the going concern principle.

2.6 Changes and Errors in Accounting Estimates

Preparation of the accompanying consolidated financial statements in accordance with TFRSs' requires estimates of the values of certain assets and liabilities contained in the consolidated financial statements prepared by management, explanations given on possible taxpayers, and the amounts of income and expenses reported. Realized amounts may vary from estimates. These estimates are reviewed at regular intervals and reported in the Consolidated Statement of profit or loss for the periods in which they are identified.

2.7 Summary of Significant Accounting Policies

TFRS 15 requires revenue recognition for all contracts with customers to follow the five-step approach to revenue recognition.

Step 1: Identifying the contract

A contract exists only if it is legally enforceable, the collection of the consideration is probable, the rights to goods and services and payment terms can be identified, the contract has commercial substance; and the contract is approved and the parties are committed to their obligations.

If either contracts were negotiated as a single commercial package, or consideration in one contract depends on the other contract or goods or services (or some of the goods or services) are a single performance obligation the Group accounts the contracts as a single contract.

Step 2: Identifying the performance obligations

The Group defines 'performance obligation' as a unit of account for revenue recognition. The Company assesses the goods or services promised in a contract with a customer and identifies as:

(a) a performance obligation either a good or service that is distinct;

(b) or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

A contract may contain promises to deliver a series of distinct goods or services that are substantially the same. At contract inception, an entity determines whether the series of goods or services is a single performance obligation.

Step 3: Determining the transaction price

In order to determine the transaction price, the Group assesses how much consideration it expects to be entitled to by fulfilling the contract. In arriving at the assessment, the Group considers variable elements of consideration, as well as the existence of a significant financing component.

Significant financing component

The Group revises the promised amount of consideration for the effect of a significant financing component to the amount that reflects what the cash selling price of the promised good or service. As a practical expedient, the Group does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the entity expects the period between customer payment and the transfer of goods or services to be one year or less. In cases where advance for the services are received and the payment scheme is broadly aligned with the Group's performance throughout the period, the Group concludes that the period between performance and payment is never more than 12 months, therefore the expedient is applied.

Variable consideration

The Group identifies items such as price concessions, incentives, performance bonuses, completion bonuses, price adjustment clauses, penalties, discounts, credits, or similar items may result in variable consideration if there is any customer contract.

Step 4: Allocating the transaction price to performance obligations

If distinct goods or services are delivered under a single arrangement, then the consideration is allocated based on relative stand-alone selling prices of the distinct goods or services (performance obligatons). If directly observable stand-alone selling prices are not available, total consideration in the service contracts is allocated based on their expected cost plus a margin.

Step 5: Recognition of revenue

The Group recognizes revenue over-time if any of the following conditions is met:

- Customer simultaneously receives and consumes the benefits as the entity performs, or
- The customer controls the asset as the entity creates or enhances it, or
- The Group's performance does not create an asset for which the entity has an use; and alternative there is a right to payment for performance to date.

For each performance obligation that is satisfied over time, an entity selects a single measure of progress, which depicts the transfer of control of the goods or services to the customer. The Group uses a method that measures the work performed reliably. The Group uses cost incurred to measure the progress towards to completion of the project where the input method is used and uses units transferred to measure the progress towards to completion of the project where output method is used.

If a performance obligation is not satisfied over time, then the Group recognize revenue at the point in time at which it transfers control of the good or service to the customer.

The Group recognizes a provision in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets" when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits.

Contract modifications

The Group recognizes a contract modification as a separate contract if the modification results in a promise to deliver additional goods or services that are distinct and an increase in the price of the contract by an amount of consideration that reflects the entity's stand-alone selling price of those goods or services adjusted to reflect the circumstances of the contract. If the goods or services are distinct, then the entity accounts for the modification as if it were a termination of the existing contract and the creation of a new contract. If the modification to the contract does not add distinct goods or services, the entity accounts for it on a combined basis with the original contract, as if the additional goods or services were part of the initial contract.

The details of the important accounting policies of the Group for various goods and services and the methods of revenue recognition are as follows.

Revenues are recorded on an accrual basis over the fair value of the price received or that can be received upon the delivery, the reliable determination of the revenue amount and the probability of economic benefits related to the transaction to flow to the Group.

Net sales is reduced for estimated or realized customer returns, discounts, commissions, rebates, and taxes related to sales. If the group makes its sales on a term basis and does not receive interest during the term, or applies an interest rate lower than the market interest rate on its sales and thus the transaction involves an effective financing transaction, the fair value of the sale is determined by reducing the present value of the receivables. The difference between the nominal value of the receivables and the fair value calculated in this way is reflected to the relevant periods according to the "Effective interest (internal rate of return) method" as the term difference income.

The goods or services are transferred when the control of the goods or services is delivered to the customers.

Following indicators are considered while evaluating the transfer of control of the goods and services:

Identification of customer contracts
- Identification of performance obligations
- Determination of the transaction price in the contracts
- Allocation of transaction price to the performance obligations
- Recognition of revenue when the performance obligations are satisfied

The significant accounting policies applied in the preparation of consolidated financial statements are summarized below:

Revenue

Revenues are basically measured on fair value of the amount of receivable collected or to be collected. The estimated customer returns, discounts and provisions are deducted from that amount.

The main activities of the Company and its subsidiaries are production, sales, marketing, transportation of iron and steel, port services and ship operations.

Sales of iron and steel:

Revenue from sale of iron and steel is accounted on accrual basis at fair value when all the following conditions are satisfied:
- The Group has transferred all significant risks and rewards of ownership of the goods to the buyer,
- The Group retains neither continuing managerial involvement associated with ownership nor effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity,
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service delivery:

Service delivery consists of marine transportation and harbor management. When the outcome of a transaction involving the service delivery can be estimated reliably, revenue associated with the transaction shall be recognized by reference to the completion stage of the transaction as of the statement of financial position date.

Revenue from service delivery is accounted on accrual basis at fair value when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity;
- The completion stage of the transaction at the statement of financial position date can be measured reliably;
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Sales of electricity:

Revenue from sale of electricity is accounted when all the following conditions are satisfied:

- Transmitting the quantity of the power committed to customer
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity,
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rent income:

Proceeds achieved through renting the Group owned-ships are accounted on a straight line basis during the rent agreement period.

Financial income and expenses

Financial income is composed of foreign exchange gains and rediscount gains which is not associated with main activities of the Group. Financial expenses are composed of interest expenses on bank borrowings, bank charges and foreign exchange losses. Group uses off balance sheet financial instruments, such as letter of credit, during the ordinary course of business. The maximum exposure of the Group that is sourced by these financial instruments is equal to the contract amount.

Dividend and interest income:

Interest income is recognized as it accrues in profit or loss, using effective interest rate. Dividend income is recorded when shareholders have the right to get dividend.

Inventories

Inventories are valued at the lower of cost or net realizable value. The cost of the inventories includes purchase, conversion cost and other costs incurred for the inventories. Cost for finished goods includes production costs in accordance with normal production capacity. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale (Note 12). The cost of inventories is based on the weighted average cost on a monthly basis. Imputed interest that is included in the cost of purchased goods is deducted from the cost of goods sold and inventories. Amounts of impairment on inventories that decrease inventory costs to net realizable value and losses related with inventories are recognized as expense in the period when these losses occur. Impairment provisions on inventories are reversed by reducing the cost of goods sold amount. As of every reporting period, net realizable value is reviewed once again.

The allocation of fixed production overheads to the cost of conversion is based on the normal capacity of the production facilities. Normal capacity is the production expected to be achieved on average over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance. The actual level of production may be used if it approximates normal capacity. The amount of fixed overhead allocated to each unit of production is not increased as a consequence of low production or idle plant. General fixed production expenses part is allocated with the idle capacity expenses in the case of idle capacity.

Tangible Assets

The Group has adopted revaluation method on presentation of lands, buildings, land improvements, machineries and equipment. The rest of fixed assets are presented by net book value, calculated as the cost of an asset less accumulated depreciation.

The Group hired an independent real estate appraisal company, accredited by Capital Market Board, to determine fair value of its assets as of 31 December 2020. In this manner, lands, buildings, land improvements, machineries and equipment are reflected to the consolidated financial statements at fair values that are determined by the mentioned an independent real estate valuation company,

Taxable temporary differences arising from the valuation of tangible fixed assets are recognized with 20% deferred tax liability with the assumption that the Group management will not benefit from the real estate sales exemption related to corporate tax within the scope of TAS 12.

The valuation company determined the fair value of land and parcels with market value method, the fair value of building with market value method and depreciated replacement cost method, the fair value of land improvements and machinery and equipment with depreciated replacement cost method.

The revaluation frequency depends on the differences at the fair values of tangible fixed assets.

If net book value of an asset increases as a result of the revaluation, this increase is recognized at statement of other comprehensive income and presented under the revaluation fund account in the equity. However a revaluation value increase can only be recognized in the profit or loss statement to the extent of impairment recorded in the previous periods for the same asset.

If net book value of an asset decreases during the revaluation, this decrease is recognized as expense. However this decrease can only be recognized as much as all kinds of credit balance about this asset in the revaluation surplus. The subjected decrease recognized in other comprehensive income, decreases the amount accumulated in equity under revaluation surplus. In the case of sales of revalued building or land, revaluation surplus part of revalued asset is classified to accumulated profit/(loss).

The costs of property, plant and equipment purchased before 1 January 2005 are restated for the effects of inflation in TL unit current at 31 December 2004 less accumulated depreciation and impairment losses. The costs of tangible assets purchased after 1 January 2005 are carried at cost less accumulated depreciation and impairment losses.

Property, plant and equipment are carried at cost, less accumulated depreciation. Depreciation is provided on the acquired values of property, plant and equipment on a straight-line method starting from the acquisition date. Land is not amortized. Repair and maintenance costs are transferred to the related expense account on the date of the charge.

The depreciation rates presented below are determined by considering estimated useful lives.

Buildings	2% - 10%
Land improvements	10%
Machinery and equipment	10% - 30%
Vehicles	5% – 33%
Furniture and fixtures	20% – 33%
Lease hold improvements	20%

Intangible Assets

The costs of intangible assets purchased before 1 January 2005 are restated for the effects of inflation in TL units current at 31 December 2004 less accumulated amortization and impairment losses. The costs of intangible assets purchased after 1 January 2005 are carried at cost less accumulated amortization and impairment losses. If there is an impairment, the recorded value of the intangible assets are decreased to their recoverable values. Intangible assets are amortized on a straight-line basis in consolidated statement of comprehensive income over their estimated useful lives.

Amortization rates that are mentioned below are determined by considering estimated useful lives.
Rights 3-5 years%

Impairment of assets

Financial Assets

The Group recognize the allowance for the expected credit loss of financial assets measured at amortized cost. Expected credit loss allowances for trade receivables, other receivables, other assets are always measured at an amount equal to lifetime expected credit losses.

Reasonable and supportable information available without undue cost or effort is taken into account when determining whether the credit risk on a financial asset has increased significantly since its first recognition and when estimating expected credit losses. These include qualitative and quantitative information and analysis and future information based on the Group's past experience and informed credit evaluations. The Group accepts that there is a significant increase in the credit risk of financial assets whose maturity exceeds 180 days.

The group acknowledges that financial assets are in default in the following situations:

• If the borrower is unlikely to fully fulfill its loan obligations to the Group (if collaterals exist) before the Group takes actions such as collateral collateral, or if the financial asset exceeds its maturity by more than 365 days.

The Group acknowledges that bank balances have low credit risk if their risk ratings are equal to the internationally defined "investment grade." Lifetime expected credit losses are the result of default events that are likely to occur over the expected life of a financial instrument.

12-month expected credit losses are the portion that represents expected credit losses resulting from default events that are likely to occur within 12 months of the reporting date. The maximum period over which expected credit losses will be measured is the maximum contractual period during which the Group is exposed to credit risk.

Measurement of expected credit losses

Impairment of the financial and contractual assets measured by using "Expected credit loss model" (ECL). The impairment model applies for amortized financial and contractual assets. Provision for loss measured as below.

- 12- Month ECL: results from default events that are possible within 12 months after reporting date.

- Lifetime ECL: results from all possible default events over the expected life of financial instrument Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since 12 month ECL measurement if it has not.

A financial instrument is both a contract that establishes the financial asset of a business and another entity's financial liability or equity instrument.

The Company may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk at the reporting date. However lifetime ECL measurement (simplified approach) always apply for trade receivables and contract assets without a significant financing.

Non-financial assets

Carrying amounts of the Group's non-financial assets except deferred tax assets and investment properties are reviewed at each reporting date to determine whether there is any indication of impairment. If any such an indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or its cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset. Fair value less cost to sell of an asset or a cash generating unit is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Impairment is recognized if the carrying amount of an asset or cash generating unit exceeds its recoverable amount through use or sale. Impairments are recognized in the profit or loss.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets. Goodwill acquired in a business combination allocated to groups of cash generating units that are expected to benefit from the synergies of the combination. Impairment losses recognized in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating units, and then to reduce the carrying amounts of the other assets in the cash generating units on a pro rata basis. Impairment losses are recognized in profit or loss.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss in respect of goodwill is not reversed.

Government Grants and Incentives

Government incentives, including non-monetary grants at fair value are included in the consolidated financial statements only if there is reasonable assurance that the Group will fulfil all required conditions and acquire the incentive. A forgivable loan from government is treated as a government grant when it is probable that the entity will meet the terms for forgiveness of the loan.

The Group utilizes disabled employment incentive due to Labor law numbered 4857 and Social Insurance and general Health Insurance Law numbered 5510. Government incentives recorded under government incentive and grant in the profit or loss statements are not collected in cash but deducted from the accrued insurance premiums by treasury. Incentive income was off set against cost of goods sold.

Investment Properties

Investment properties are the real estates which are held to earn rental income and/or for capital appreciation. Investment properties are presented in the financial statements at their fair value determined in the revaluation work which is carried out on December 27, 2016 by an independent appraisal company accredited by the Capital Market Board. Appreciation or devaluation in the mentioned properties is accounted in the consolidated profit or loss table.

If an owner-occupied property becomes an investment property that will be carried at fair value, an entity shall apply TAS 16 up to the date of change in use. The entity shall treat any difference at that date between the carrying amount of the property in accordance with TAS 16 and its fair value in the same way as a revaluation in accordance with TAS 16.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of profit or loss in the year of retirement or disposal.

A gain or loss arising from a change in the fair value of investment property shall be recognized in profit or loss for the period in which it arises.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Financial Instruments

Classification

The Company classifies its financial assets measured at amortized cost. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase.

Financial assets are not reclassified after initial recognition except when the Company's business model for managing financial assets changes; in the case of a business model change, subsequent to the amendment, the financial assets are reclassified on the first day of the following reporting period.

Recognition and measurement

"Financial assets measured at amortized cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Company's financial assets measured at amortized cost comprise "cash and cash equivalents" "trade receivables" and "financial investments". Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the statement of income.

Financial assets measured at fair value through profit/loss

Financial assets measured at fair value through profit or loss consist of derivative instruments. These assets are measured at fair value at subsequent recognition. Net gains and losses, including interest income, are recognized in profit or loss.

Financial assets measured at amortized cost

Financial assets measured at amortized cost consist of cash and cash equivalents, trade receivables, other receivables and other assets. Subsequent recognition of these assets is made at amortized cost using the effective interest method. Amortized costs include impairment losses. Interest income, foreign currency translation gains and losses and impairment are recognized in profit or loss. Gains or losses on derecognition are recognized in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and time deposits with original maturities of three months or less. Cash and cash equivalents are highly liquid investments with maturity periods of less than three-months and having no conversion risk exposure other than the impact of foreign currency changes.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Non-derivative financial assets

The Group initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Non-derivative financial assets consist of bank borrowings, trade and other receivables, cash and cash equivalents. Non-derivative financial assets are recorded at cost. Non-derivative financial assets are recognized in the following way after being recorded.

Derecognition

The Company derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by the Company was recognized as a separate asset or liability.

Impairment

Impairment of the financial and contractual assets measured by using "Expected credit loss model" (ECL). The impairment model applies for amortized financial and contractual assets. Provision for loss measured as below.

- 12- Month ECL: results from default events that are possible within 12 months after reporting date.

- Lifetime ECL: results from all possible default events over the expected life of financial instrument Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since 12 month ECL measurement if it has not.

A financial instrument is both a contract that establishes the financial asset of a business and another entity's financial liability or equity instrument.

The Company may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk at the reporting date. However lifetime ECL measurement (simplified approach) always apply for trade receivables and contract assets without a significant financing.

Financial liabilities

Financial liabilities are measured initially at fair value. Transaction costs which are directly related to the financial liability are added to the fair value.

Financial liabilities are classified as equity instruments and other financial liabilities.

Other financial liabilities

Other financial liabilities (short term and long term bank loans) are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on an effective yield basis (Note 4).

Derecognition of financial liabilities are derecognized only when the Company's liability is eliminated, canceled or expired. The difference between the carrying amount of the financial liability and the amount paid or to be paid, including the transferred non-cash assets or the liabilities assumed, is recognized in profit or loss

Trade payables

Trade payables are payments to be made arising from the purchase of goods and services from suppliers within the ordinary course of business. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Effective interest method

The effective interest rate method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the ratio exactly discounts the estimated future cash receipts through the expected life of the financial asset to the net present value of the financial asset or in a shorter period where appropriate.

Financial assets measured at fair value through profit/loss

Financial assets measured at fair value through profit or loss consist of derivative instruments. These assets are measured at fair value at subsequent recognition. Net gains and losses, including interest income, are recognized in profit or loss.

Leases

As a lessee

At the actual start of the lease or on the date of modification of the contract containing the lease component, the group distributes to each lease component based on the relative stand-alone price of the lease component and the total stand-alone price of the non-lease components.

The Group chose not to separate non-lease components from the rental components, but instead to account for each lease component and its associated non-lease components as a single rental component.

The Group reflected right of use assets and lease obligations in its financial statements at the time of the actual start of the lease. Initial measurement of the liability, the amount of right of use for the lease liability, the lease payments made prior to the actual start date of the lease incentives received are all obtained by deducting the amount of all direct costs and initial rental with all the dismantling and transportation to the area where the asset are located, or from being restored by the terms and conditions of the lease, the underlying asset is required to be accepted in the future about to be restored, permitting to prepare projected estimated cost consists of.

If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term, or if the cost of the right-to-use asset indicates that the lessee will use a purchase option, the right of use asset is depreciated from the date of the actual start of the lease to the end of the useful life of the underlying asset. In other cases, the right of use asset is depreciated according to the useful life or less than the lease term of that asset, starting from the date of the actual start of the lease. In addition, the value of the right to use asset is periodically reduced by deducting impairment losses, if any, and adjusted in accordance with the re-measurement of the lease liability.

At the actual start of the lease, the lease obligation is measured at the present value of the lease payments that were not paid at that time. Lease payments are discounted using interest rate implicit in a lease, if can be easily determined. If this rate cannot be easily determined, the Group's alternative borrowing interest rate is used.

The Group determines the alternative borrowing interest rate by taking into account the interest rates that will be paid for debts used from various external sources of financing, and makes appropriate adjustments to reflect the terms of the lease and the type of asset being leased.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Lease liability is measured by discounting lease payments at a discount rate. If there is a change in these payments as a result of a change in the index or rate used to determine future lease payments and a change in the amounts expected to be paid under the residual value commitment, the Group evaluates renewal, termination and purchase options.

If the lease obligation is re-measured, it is recognized in the financial statements as a correction in the right of use asset according to the amount of the adjusted debt. However, if the carrying amount of the right of use asset has decreased to zero and there is a further reduction in the measurement of the lease obligation, the remaining re-measurement amount is reflected in profit or loss.

Short-term leases and low-value leases

The group chose not to present right of use assets and lease liabilities in its financial statements for short-term leases with a lease period of 12 months or less and leases of low-value assets, including information technology and machinery equipment. The group recognized the lease payments associated with these leases in the consolidated financial statements as linear expenses during the lease period.

Capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

Preferred shares

Privileged shares are classified under equity in cases that cannot be redeemed, or redemption is only possible in return for payment of the price at the Group's option and when the dividend distribution to the privileged shares is optional. The voluntary dividends distributed to the privileged shares upon the approval of the shareholders of the company are recorded as distribution within the equity.

Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity').

(a) A person or a close member of that person's family is related to a reporting entity if that person:
- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. The Group interacts with its related parties within the frame of ordinary business activities.

Details of related parties are as follows:

İDÇ Denizcilik San. ve Tic. A.Ş.
It was established in 2005 in Izmir in order to operate agency, ship chartering and ship management. İDÇ Denizcilik San. ve Tic. A.Ş. broadly undertakes the administrative function of group ships providing full range of staffing, technical assistance, insurance, technical management, maintenance, technical equipment and fuel in line with SHIPMAN 98, which is Standard Ship Management Agreement advised by The Baltic and International Maritime Council.

Şahin Gemicilik Nakliyat Sanayi ve Ticaret A.Ş.
The company is established in the year 2009 in Aliağa. Main activities of the company is to perform domestic and international maritime and road transportation or subcontract them on the purpose of transport all kinds of freight and passengers by road and maritime. Company owns 55,803 DWT dry cargo ship. The Group has no commercial relationship with, Şahin Gemicilik ve Denizcilik Nakliyat Sanayi Tic. A.Ş.

Agora Sigorta Aracılık Hizmetleri Ltd. Şti.
It was established in 2006 in İzmir. Company's main activity is making insurance policies. Agora Sigorta Aracılık Hizmetleri Ltd. Şti. conducts The Group's insurance brokerage services.

Dagi Giyim Sanayi ve Ticaret A.Ş.
It was established in Istanbul in the year 1988. The Company has been operating in textile industry. There is no commercial relationship between the Group and Dagi Giyim Sanayi ve Ticaret A.Ş.

Begonviller Turizm Yatçılık ve Ticaret Ltd. Şti.
It was established in Muğla in the year 1994. It has been operating since 2006 in İzmir. It has one commercial yacht. It is engaged in rent yacht. There is no commercial relationship between the Group and Begonviller Turizm Yatçılık ve Ticaret Ltd. Şti.

Şahin Kömür Ticaret A.Ş.
Engaged in coal trade.

Other Balance Sheet Items

Other balance sheet items are stated at their cost values.

Income taxes

Income taxes comprised current and deferred tax expenses. Current tax and deferred tax is recognised in profit or loss except items recognised directly in equity or in other comprehensive income.

Current tax liability includes the tax payable on the taxable income for the period using tax rates enacted at the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Currently enacted tax rates are used to determine deferred tax. The principal temporary differences arise from recognition of income and expenses in different reporting periods and capitalization and depreciation differences of property, plant and equipment.

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 differences can be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Tax regulations in Turkey does not allow consolidated tax returns with a subsidiary of the parent company. Therefore, as reflected in the attached consolidated financial statements, tax provisions have been calculated on a company basis separately.

While determining the amount of current and deferred tax, the Group takes into account the uncertain tax positions and whether there are additional taxes and interests to be paid. Based on the tax law and historical events, the Group believes that the tax provisions set aside for the periods not subjected to tax inspection are sufficient. This evaluation is based on estimates and assumptions that contain many professional opinions about the future. In case new information arises that will change the Group's assessment of the adequacy of the tax liability, this change in the tax liability will affect the tax expense for the period in which this situation is determined.

Employee Benefits

According to the enacted laws, the Group is liable to pay to its employees whose employment is terminated due to retirement or for reasons other than resignation and circumstances specified in the labor law. The aforementioned payment amounts are calculated based on the severance pay ceiling valid as of the date of the statement of financial position. Provision for severance pay is reflected in the accompanying consolidated financial statements by calculating the amount of liabilities that will arise in the future due to the retirement of all employees based on their current net value.

The Group pays insurance premiums to the social security institution as an employer. As long as the Group pays these premiums, it has no other liability. These premiums are reflected in personnel expenses in the period they are accrued.

As a result of the past services of its employees, an allowance is recorded for the vacation days unused. The group is obliged to pay the amount found by multiplying the daily gross wage at the date of termination of the employment contract and the sum of other benefits related to the contract by the number of days of leave that is deserved but not used in the event of termination of its employees ' jobs. In this context, the group records the allowance as a long-term benefit obligation provided to employees

Vacation provision is a short-term employee benefit obligation, measured without discount, and expensed in profit or loss as the related service is performed.

Provisions, Contingent Assets and Liabilities

A provision is recognized in the accompanying consolidated financial statements if as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

Contingent liabilities are reviewed to determine if there is a possibility that the outflow of economic benefits will be required to settle the obligation. Except for the economic benefit outflow possibility is remote, such contingent liabilities is disclosed in the notes to the financial statements.

If the entry of the economic benefit to the Group is possible, explanations are included in the disclosures of the financial statements about the contingent asset. If the entry of economic benefit is certain, the asset and its related income changes are included in the financial statements at the date that they occurred.

Foreign currency transactions

Transactions in foreign currencies are translated to TL at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to TL at the exchange rate at that date. Foreign currency differences arising on retranslation are recognized in profit or loss.

Earnings per Share

Earnings per share disclosed in the consolidated statement of comprehensive income are determined by dividing net income by the weighted average number of shares that have been outstanding during the related period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issued without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued.

Subsequent Events

Subsequent events represent the events that occur against or on behalf of the Group between the reporting date and the date when the financial statements were authorized for the issue. As of the reporting date, if the evidence with respect to such events or such events has occurred after the reporting date and such events require restating the financial statements; accordingly the Group restates the financial statements appropriately. If such events do not require restating the financial statements, such events have been disclosed in the related notes.

Segment Reporting

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The executive managers are determined as the chief operating decision maker of the Group.

The Group's four main operating activities are iron and steel activities, ship activities, harbor activities and energy activities.

Statement of Cash Flows

In the cash flow statement, cash flows are classified as operating, investing and financing activities. Cash flows from operating activities represent the Group's cash flows generated from operating activities.

The Group presents operating cash flows in indirect method by adjusting net income with non- cash expenses, income or expense accruals or deferrals and income and expense items related to investment or financing activities.

Cash flows from investing activities represent the cash flows used in/provided from investing activities (Acquisition of property, plant, equipment and intangible assets). Cash flows from financing activities represent the funds used in and repayment of the funds during the period.

Use of Estimates and Judgments

The preparation of consolidated financial statements in conformity with accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In preparation of the consolidated financial statements, the significant estimates and judgments used by the Group are included in the following notes:

Note 2.7 – Useful lives of tangible and intangible assets
Note 7 – Impairment loss on trade receivables
Note 9 – Provision for impairment on inventories
Note 11 – Investment properties
Note 12 – Tangible assets
Note 16 – Provisions, contingent assets and liabilities
Note 26 – Tax assets and liabilities
Note 29 – Financial derivatives
Note 32 – Fair value disclosures

2.8 Significant changes for the current period

Due to the covid-19 epidemic, which affected the whole world, there were disruptions in the supply and sales processes of the Group, both in the sector in which the Group is located and in parallel with the slowdown in general economic activity, but there was no long-term stop in production activities. In this process, the Group management took the necessary actions to minimize the possible impact of COVID-19 on the Group's activities and financial situation

With the reduction of restrictions to prevent the spread of the epidemic, production and sales activities continue uninterrupted as of the balance sheet date. It is not yet clear how long the COVID-19 effect will continue both in the world and in Turkey, and how much it can spread; as the severity and duration of the effects become clear, it may be possible to make a more obvious and healthy assessment for the medium and long term. However, in preparing the financial statements of December 31, 2020, the possible effects of the COVID-19 outbreak were evaluated and the estimates and assumptions used in preparing the financial statements were reviewed. In this context, no impairment was found in the financial statements.

3. SEGMENT REPORTING

The Group operates in four areas of business. These are iron and steel operations, ship operations, harbour and energy operations.

SEGMENT REPORTING

01.01- 31.12.2021	***Iron Steel Operations***	***Ship Operations***	***Harbour Operations***	***Energy Operations***	***Consolidation Adjustments***	***Consolidated***
Domestic Sales	7.074.371.476	-	74.967.969	853.197.946	-	8.002.537.391
Export Sales	2.650.013.496	169.612.777	1.016.187	-	-	2.820.642.460
Intersegment Sales	932.522	-	70.024.369	515.239.080	(586.195.971)	-
Total Sales	**9.725.317.494**	**169.612.777**	**146.008.525**	**1.368.437.026**	**(586.195.971)**	**10.823.179.851**
Cost Of Sales (-)	(9.057.229.863)	(82.243.974)	(91.837.973)	(1.047.030.169)	583.419.774	(9.694.922.205)
GROSS PROFIT/(LOSS)	**668.087.631**	**87.368.803**	**54.170.552**	**321.406.857**	**(2.776.197)**	**1.128.257.646**
General Administrative Expenses (-)	(48.553.964)	-	(2.832.205)	(15.851.791)	1.054.828	(66.183.132)
Marketing Expenses (-)	(41.365.776)	-	-	-	4.044.199	(37.321.577)
Other Income from Operating Activities	140.059.382	5.976.058	3.146.479	27.712.294	(20.169.652)	156.724.561
Other Expenses from Operating Activities(-)	(9.588.323)	(2.691.246)	(93.704)	(4.658.362)	8.833.225	(8.198.410)
OPERATING PROFIT/(LOSS)	**708.638.950**	**90.653.615**	**54.391.122**	**328.608.998**	**(9.013.597)**	**1.173.279.088**
Income from Investing Activities	50.884.000	-	-	-	-	50.884.000
Expense from Investing Activities (-)	(13.972.795)	-	(891.062)	(64.653)	-	(14.928.510)
OPERATING PROFIT /(LOSS) BEFORE FINANCE EXPENSE	**745.550.155**	**90.653.615**	**53.500.060**	**328.544.345**	**(9.013.597)**	**1.209.234.578**
Financial Incomes	521.650.684	-	202.942	1.488.131	(20.327.638)	503.014.119
Financial Expenses (-)	(1.883.601.970)	-	(26.714.827)	(688.093.015)	28.629.345	(2.569.780.467)
OPERATING PROFIT/(LOSS) BEFORE INCOME TAX	**(616.401.131)**	**90.653.615**	**26.988.175**	**(358.060.539)**	**(711.890)**	**(857.531.770)**
Tax Income/(Expense)	**43.310.605**	**-**	**(7.179.155)**	**38.748.128**	**139.188**	**75.018.766**
Tax Income/(Expense)	(620.171)	-	(8.807.823)	-	-	(9.427.994)
Deferred Tax Income / (Expense)	43.930.776	-	1.628.668	38.748.128	139.188	84.446.760
PROFIT/(LOSS) FOR THE PERIOD	**(573.090.526)**	**90.653.615**	**19.809.020**	**(319.312.411)**	**(572.702)**	**(782.513.004)**
Profit/(Loss) Attributable to		-				
Non-controlling Interests	98	-	2.758	(16.415.727)	-	(16.412.871)
Shareholders' of the parent	(573.090.624)	90.653.615	19.806.262	(302.896.684)	(572.702)	(766.100.133)
Segment Assets						
Tangible and intangible fixed assets, investment properties	1.110.160.747	47.707.817	265.751.237	1.653.520.914	-	3.077.140.715
Purchases of tangible and intangible fixed assets	79.132.683	2.574.899	14.201.140	10.308.751	-	106.217.473
Amortization and depreciation expenses	108.869.165	-	20.270.074	71.113.059	-	200.252.298

01.01- 31.12.2020	***Iron Steel Operations***	***Ship Operations***	***Harbour Operations***	***Energy Operations***	***Consolidation Adjustments***	***Consolidated***
Domestic Sales	3.555.902.910	-	44.900.037	618.635.261	-	4.219.438.208
Export Sales	930.914.917	61.487.133	12.988	-	-	992.415.038
Intersegment Sales	1.619.146	-	59.066.936	265.420.034	(326.106.116)	-
Total Sales	**4.488.436.973**	**61.487.133**	**103.979.961**	**884.055.295**	**(326.106.116)**	**5.211.853.246**
Cost Of Sales (-)	(4.389.533.837)	(57.354.879)	(67.741.474)	(710.499.073)	343.289.008	(4.881.840.255)
GROSS PROFIT/(LOSS)	**98.903.136**	**4.132.254**	**36.238.487**	**173.556.222**	**17.182.892**	**330.012.991**
General Administrative Expenses (-)	(39.113.601)	-	(2.195.244)	(13.370.124)	921.761	(53.757.208)
Marketing Expenses (-)	(20.581.812)	-	-	-	3.027.308	(17.554.504)
Other Income from Operating Activities	133.724.983	5.600.412	5.095.852	4.192.534	(22.331.318)	126.282.463
Other Expenses from Operating Activities (-)	(42.759.320)	-	(1.881.782)	(4.210.891)	12.066.091	(36.785.902)
OPERATING PROFIT/(LOSS)	**130.173.386**	**9.732.666**	**37.257.313**	**160.167.741**	**10.866.734**	**348.197.840**
Income from Investing Activities	16.817.103	-	996.913	123.762	(26.040)	17.911.738
Expense from Investing Activities (-)	(63.898.430)	-	(4.448.960)	(18.935.763)	-	(87.283.153)
OPERATING PROFIT /(LOSS) BEFORE FINANCE EXPENSE	**83.092.059**	**9.732.666**	**33.805.266**	**141.355.740**	**10.840.694**	**278.826.425**
Financial Incomes	49.843.000	-	91.608	931.016	(15.065.512)	35.800.112
Financial Expenses (-)	(586.863.074)	-	(13.169.507)	(244.727.393)	20.181.394	(824.578.580)
OPERATING PROFIT/(LOSS) BEFORE INCOME TAX	**(453.928.015)**	**9.732.666**	**20.727.367**	**(102.440.637)**	**15.956.576**	**(509.952.043)**
Tax Income/(Expense)	**84.485.173**	**-**	**(3.645.648)**	**(29.379.217)**	**(4.031.927)**	**47.428.381**
Tax Income/(Expense)	-	-	(5.976.152)	-	-	(5.976.152)
Deferred Tax Income / (Expense)	84.485.173	-	2.330.504	(29.379.217)	(4.031.927)	53.404.533
PROFIT/(LOSS) FOR THE PERIOD	**(369.442.842)**	**9.732.666**	**17.081.719**	**(131.819.854)**	**11.924.649**	**(462.523.662)**
Profit/(Loss) Attributable to						
Non-controlling Interests	(276)	-	2.244	(6.806.909)	-	(6.804.941)
Shareholders' of the parent	(369.442.566)	9.732.666	17.079.475	(125.012.945)	11.924.649	(455.718.721)
Segment Assets						
Tangible and intangible fixed assets, investment properties	1.087.954.276	45.132.918	270.651.172	1.713.911.408	-	3.117.649.774
Purchases of tangible and intangible fixed assets	75.845.247	5.400.838	15.506.216	18.099.182	-	114.851.483
Amortization and depreciation expenses	79.454.962	11.722.251	13.863.060	55.910.441	-	160.950.714

4. RELATED PARTY DISCLOSURES

As of 31 December 2021, there is no provision for doubtful receivables for trade and other receivables and guarantee for receivables regarding related parties. Similarly, there is no guarantee given for trade and other payables regarding related parties.

The Group has no guarantees, collaterals, bails and similar commitments given except for fully consolidated companies.

The Group’s due from related parties, due to related parties, balances and significant related party transactions during the period are summarized below.

(*) : Controlled by ultimate majority shareholder or shareholders board of directors have significant influence
(**) : majority shareholder
(***) : ultimate majority shareholder

Trade receivables from related parties

	31 December 2021	31 December 2020
Şahin-Koç Çelik San. A.Ş.(**)	30.736	21.766
İDÇ Denizcilik San. Tic. A.Ş.(*)	7.865	143.675
Begonviller Turizm Yatçılık Ltd. Şti.(*)	3.964	2.998
Şahin Kömür Ticaret A.Ş.(*)	-	2.642.151
Şahin Şirketler Grubu Holding A.Ş.(***)	-	20.620
	42.565	**2.831.210**

Other receivables from related parties

	31 December 2021	31 December 2020
Şahin Şirketler Grubu Holding A.Ş.(***)	105.922.053	63.656.140
Şahin - Koç Çelik Sanayi A.Ş.(**)	-	2.762
	105.922.053	**63.658.902**

Other receivables from related parties consist of funds given for financing purposes. Interest is accrued and interest is collected for the receivables in question during the quarterly temporary tax periods.

Trade payables to related parties

	31 December 2021	31 December 2020
İDÇ Denizcilik San. ve Tic. A.Ş.(*)	3.363.642	1.083.867
Agora Sigorta Aracılık Hizmetleri Ltd. Şti.(*)	1.271.417	36.515
Şahin Şirketler Grubu Holding A.Ş.(***)	43.997	25.488
	4.679.056	**1.145.870**

Income from related parties

	01.01.- 31.12.2021	01.01.- 31.12.2020
Şahin Kömür Ticaret A.Ş(*)	5.956.682	8.719.693
İDÇ Denizcilik Sanayi ve Ticaret A.Ş.(*)	1.479.119	1.186.588
	7.435.801	**9.906.281**

Purchases from related parties in cost of goods sold

	01.01.- 31.12.2021	01.01.- 31.12.2020
İDÇ Denizcilik Sanayi ve Ticaret A.Ş.(*)	75.084.168	22.460.941
Agora Sigorta Aracılık Hizmetleri Ltd. Şti.(*)	17.415.776	1.979.809
	92.499.944	**24.440.750**

İDÇ Denizcilik Sanayi ve Ticaret A.Ş., provides personnel, gives maintenance and technical support services for the vessels of the Group.

Expenses from related parties in marketing, selling and distribution expenses

	01.01.- 31.12.2021	01.01.- 31.12.2020
İDÇ Denizcilik Sanayi ve Ticaret A.Ş.(*)	52.528	982.520
Agora Sigorta Aracılık Hizmetleri Ltd. Şti.(*)	166	-
	52.694	**982.520**

Expenses from related parties in general administrative expenses

	01.01.- 31.12.2021	01.01.- 31.12.2020
Agora Sigorta Aracılık Hizmetleri Ltd. Şti.(*)	248.033	48.420
Şahin Şirketler Grubu Holding A.Ş.(***)	144.000	86.421
	392.033	**134.841**

Income from related parties in other operating income and profit

	01.01.- 31.12.2021	01.01.- 31.12.2020
Şahin Kömür Ticaret A.Ş.(*)	891.257	1.254.216
İDÇ Denizcilik San. ve Tic. A.Ş.(*)	314.436	82.771
Agora Sigorta Aracılık Hizmetleri Ltd. Şti.(*)	45.543	35.537
Şahin - Koç Çelik Sanayi A.Ş.(**)	31.988	23.726
Şahin Şirketler Grubu Holding A.Ş.(***)	30.103	22.269
Şahin Gemicilik Nakliyat San. ve Tic. A.Ş.(*)	7.680	6.780
Begonviller Turizm Yatçılık Ltd. Şti.(*)	7.079	5.828
Karbeyaz Çimento Madencilik Sanayi ve Ticaret A.Ş.(*)	3.300	2.952
	1.331.386	**1.434.079**

Income from related parties in finance income

	01.01.-31.12.2021	01.01.-31.12.2020
Şahin Şirketler Grubu Holding A.Ş.(***)	14.282.073	16.004.776
Şahin - Koç Çelik Sanayi A.Ş.(**)	-	3.658.054
	14.282.073	**19.662.830**

Key management personnel compensation

Total benefits provided to top management (Board of Directors, Executive Board, General Manager and Assistants of General Manager) during the current period amounted to TL 2.711.566 TL (01.01.-31.12.2020: 4.018.140 TL)

5. CASH AND CASH EQUIVALENTS

	31December 2021	31 December 2020
Cash on hand	241.407	141.988
Bank - demand deposits	1.012.081.500	77.076.450
Bank - time deposits	1.025.438.000	178.615.125
Bank - interest accruals of time deposits	704.076	167
Other	1.889	1.886
	2.038.466.872	**255.835.616**

There are no blockage and pledge over the Group's time and demand deposits. (31 December 2020: 1.182.448 USD)

<u>Demand Deposits</u>

	31December 2021		31 December 2020	
	Foreign Currency	TL Equivalence	Foreign Currency	TL Equivalence
TL	1.776.938	1.776.938	2.124.415	2.124.415
USD	74.790.215	996.878.770	9.309.624	68.337.293
EUR	799.227	12.057.703	659.145	5.937.511
JPY	3.177.915	367.049	513.317	36.410
GBP	9.650	173.383	10.110	100.535
CAD	214	2.236	214	1.226
CHF	56.019	815.646	64.367	533.225
DKK	4.826	9.775	4.826	5.835
Total		**1.012.081.500**		**77.076.450**

Time Deposits

Currency	Weighted Average Interest Rate	Maturity Date	TL Balance 31 December 2021
USD	% 1,42	03.01-24.01.2022	933.030.000
TL	%24,69	03.01.2022	92.408.000
			1.025.438.000

Currency	Weighted Average Interest Rate	Maturity Date	TL Balance 31 December 2020
USD	% 1,93	01.04.2021	163.326.125
TL	%17,89	01.04.2021	15.289.000
			178.615.125

6. FINANCIAL INVESTMENTS

As of December 31, 2021 and December 31, 2020 the details of long term financial investments are as follows:

Name of Company	Share (%)	31 December 2021	Share (%)	31 December 2020
Investments and Associates				
İtaş İzmir Teknopark Ticaret A.Ş.	0,125	2.547	0,125	2.547
Enda Enerji Holding A.Ş.	0,188	737.133	0,188	651.756
Egenda Ege Enerji Üretim A.Ş.	0,03	70.013	0,03	70.013
Pegasus Hava Taşımacılığı A.Ş.	0,00014	3.363	0,00014	3.363
Nemrut Kılavuz ve Römorkör Hizmet A.Ş.	16,66	10.000	16,66	10.000
Enerji Piyasaları İşletim Anonim Şirketi	0,80	200.000	0,80	200.000
Total		**1.023.056**		**937.679**

There is no financial asset given as guarantee for liabilities of the companies (31 December 2020: None). Since the Company's long-term financial investments do not trade in active market and that fair values cannot be determined reliably, long-term financial investments are reflected in the consolidated financial statements at their cost values less any impairment losses.

ENDA Energy Holding A.Ş
It was established in 1993 in Izmir. It operates in energy generation, distribution and trade. The group's does not have a commercial relationship with ENDA Energy Holding A.Ş.

EGENDA Ege Enerji Üretim A.Ş.
It was established in 1997 in Izmir. It operates in energy generation, distribution and trade. The Group's does not have a commercial relationship with EGENDA Ege Enerji Üretim A.Ş.

Pegasus Airlines Inc.
It was established in 1990 in Istanbul. It operates in the field of air transport management. The Group's does not have a commercial relationship with Pegasus Airlines A.Ş.

İTAŞ İzmir Teknopark Ticaret A.Ş.
It was established in 1988 in Izmir. It operates in the production of technological information. The Group's does not have a commercial relationship with İTAŞ İzmir Teknopark Ticaret A.Ş.

Nemrut Kılavuz ve Römorkör Hizmetleri A.Ş.
It was established in 2014 in İzmir. It will provide pilotage and tugboat services to ships arriving at ports in the Aliağa region. The Group's does not have a commercial relationship with Nemrut Kılavuz ve Römorkör Hizmetleri A.Ş.

Energy Markets Operating Joint Stock Company
It was established to operate the organized wholesale electricity markets (day ahead market, intraday market) and to carry out the financial settlement transactions of the activities carried out in these markets and the payment, invoicing and other financial transactions related to the said activities.

7. TRADE RECEIVABLES AND PAYABLES

Short term trade receivables

	31 December 2021	31 December 2020
Trade receivables	228.340.072	65.279.208
Notes receivables	30.407.652	18.360.109
Doubtful trade receivables	43.241.240	44.124.342
Provision for doubtful trade receivables (-)	(43.241.240)	(44.124.342)
	258.747.724	**83.639.317**

The Group has set provision for uncollectible receivables. Provision for doubtful receivables is based on past experience regarding the collectability. While determining the collectability, the Group considers the changes between the dates of trade and reporting for the receivables credit quality. Therefore, the Group Management believes that there is no necessity to set more provision than provision for doubtful receivables already recorded in the financial statements. Average maturity on receivables is one and a half month depending on the customer risk limit and deposits.

Trade receivables are rediscounted by using effective interest method. The effective discount rates used are %3,04, % -0,49 and %16,93 for receivables denominated in USD, EUR and TL respectively. (31 December 2020: USD:%2,88 EUR:%0,51 TL:%10,17)

Maturity details of notes receivables are as follows.

	31 December 2021	31 December 2020
1 month	7.081.902	18.264.409
2-5 months	23.325.750	95.700
	30.407.652	**18.360.109**

Movement of provision for doubtful trade receivables is as follows

	01.01.- 31.12.2021	**01.01.- 31.12.2020**
Beginning of the period	44.124.342	45.787.427
Reversal of impairment losses	(24.413)	(1.562.912)
Provision /(Reversal) in compliance with TFRS 9	(862.894)	(5.534.944)
Provision for the period	4.205	5.434.771
End of the period	**43.241.240**	**44.124.342**

Foreign currency and liquidity risk on short term trade receivables of the Group are disclosed on Note 31.

Short term trade payables

	31December 2021	**31 December 2020**
Trade payables	131.902.847	99.232.418
	131.902.847	**99.232.418**

Trade payables are rediscounted by using effective interest method. The effective discount rates used are %3,04, % -0,49 and %16,93 for receivables denominated in USD, EUR and TL respectively. (31 December 2020: USD:%2,88 EUR:%0,51 TL:%10,17)

Foreign currency and liquidity risk on short term trade payables of the Group are disclosed on Note 31.

8. OTHER RECEIVABLES AND PAYABLES

Short term other receivables

	31December 2021	**31 December 2020**
Deposit and guarantees given	1.789.569	2.355.985
	1.789.569	**2.355.985**

Long term other receivables

	31December 2021	**31 December 2020**
Deposit and guarantees given	4.655.468	2.575.090
	4.655.468	**2.575.090**

Short term other payables

	31December 2021	**31 December 2020**
Taxes and duties payable	1.122.821	1.256.729
Deposits received	290.035	148.405
Other payables	370.715	317.714
	1.783.571	**1.722.848**

9. INVENTORIES

	31 December 2021	31 December 2020
Raw materials	937.247.698	624.496.234
Work in process	41.282.753	22.389.620
Finished goods	438.402.084	172.766.371
Goods on transit	395.151.460	114.409.531
Merchandised goods	246.365	1.818.399
Impairment on inventories (*)	(116.289)	(579.611)
	1.812.214.071	**935.300.544**

(*) The Group accounted a provision for impairment on finished goods in case the book value is less than net realizable value and recognized them under cost of goods sold in the consolidated profit or loss statement.

The depreciation expenses capitalized on inventories is TL 6.826.675 (31 December 2020: TL 2.398.338)

There is no inventory collateralized against liabilities (31 December 2020: None). The Group has no inventory that will be recovered within more than twelve months starting from the date of statement of financial position.

Movement of provision for impairment on inventories is as follows.

	01.01.-31.12.2021	01.01.-31.12.2020
Beginning of the period	579.611	5.917.920
Reversal of previous period	(579.611)	(5.917.920)
Impairment on inventories for current period	116.289	579.611
End of the period	**116.289**	**579.611**

10. PREPAID EXPENSES

Short Term Prepaid Expenses

	31 December 2021	31 December 2020
Advances given	74.733.231	45.486.550
Insurance expenses	2.856.816	2.711.996
Other expenses	7.144.313	1.926.103
	84.734.360	**50.124.649**

Long Term Prepaid Expenses

	31 December 2021	31 December 2020
Advances given for fixed asset	184.572.404	-
	184.572.404	**-**

11. INVESTMENT PROPERTIES

The Group appointed an independent real estate appraisal company holding a CMB license in order to find out the fair values of the investment properties as of 31 December 2021. Correspondingly the investment properties are presented in the consolidated financial statements at their fair values.

The change in value is booked in the profit or loss statement. The valuation company used the market value method as valuation model as it was used in the valuation works performed in prior years. The fair value measurement is Level 2, and there has been no transition between levels for periods.

Detailed information of the lands owned by İzmir Demir Çelik Sanayi A.Ş. is presented below.

City	District	Village	Nature	Purchase cost	Fair Value 31 December 2021	Fair Value 31 December 2020
İzmir	Foça	Samurlu	Tarla	1.630.160	75.363.000	47.414.000
İzmir	Foça	Horozgediği	Tarla	94.169	11.214.000	7.153.000
İzmir	Foça	Horozgediği	Arsa	629.219	49.984.000	32.000.000
İzmir	Foça	Çakmaklı	Arsa	525.000	2.314.000	1.424.000
				2.878.548	**138.875.000**	**87.991.000**

As of the end of the period, there is no insurance coverage or collateral on investment properties. (31 December 2020: None).

	01.01-31.12.2021	01.01-31.12.2020
Beginning of the period	87.991.000	95.860.000
Change in fair value	50.884.000	11.366.000
Disposals	-	(19.235.000)
Fair value at the end of the period	**138.875.000**	**87.991.000**

31 December 2021

Non-financial assets	Level 1	Level 2	Level 3
Investment properties	-	138.875.000	-

31 December 2020

Non-financial assets	Level 1	Level 2	Level 3
Investment properties	-	87.991.000	-

12. PROPERTY, PLANT AND EQUIPMENT

Movement in the property, plant and equipment is as follows.

	Lands	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Ships	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
Cost										
1 January 2021 opening	502.574.122	42.776.554	751.933.296	2.857.705.981	18.681.806	118.333.077	25.944.104	8.211.976	17.562.713	4.343.723.629
Additions	1.966.954	1.935.905	1.170.005	36.100.001	5.122.189	2.574.899	4.849.858	-	52.368.369	106.088.180
Disposals	-	-	-	(4.464.585)	(72.389)	-	-	-	-	(4.536.974)
Transfers	-	601.531	583.058	21.387.703	-	-	1.442.155	-	(24.014.447)	-
31 December 2021 closing balance	**504.541.076**	**45.313.990**	**753.686.359**	**2.910.729.100**	**23.731.606**	**120.907.976**	**32.236.117**	**8.211.976**	**45.916.635**	**4.445.274.835**
Accumulated depreciation										
1 January 2021 opening	-	(23.911.306)	(263.630.537)	(915.471.948)	(13.850.135)	(73.200.159)	(16.542.722)	(7.815.450)	-	(1.314.422.257)
Additions	-	(2.972.847)	(20.253.866)	(166.977.243)	(2.323.782)	-	(2.985.989)	(107.521)	-	(195.621.248)
Disposals	-	-	-	2.612.659	57.516	-	-	-	-	2.670.175
31 December 2021 closing balance	**-**	**(26.884.153)**	**(283.884.403)**	**(1.079.836.532)**	**(16.116.401)**	**(73.200.159)**	**(19.528.711)**	**(7.922.971)**	**-**	**(1.507.373.330)**
Net Book Value as of 1 January 2021	**502.574.122**	**18.865.248**	**488.302.759**	**1.942.234.033**	**4.831.671**	**45.132.918**	**9.401.382**	**396.526**	**17.562.713**	**3.029.301.372**
Net Book Value as of 31 December 2021	**504.541.076**	**18.429.837**	**469.801.956**	**1.830.892.568**	**7.615.205**	**47.707.817**	**12.707.406**	**289.005**	**45.916.635**	**2.937.901.505**

The depreciation expense of tangible fixed assets for the period 1 January – 31 December 2021 amounted to TL 195.621.248. As of end of the period, the depreciation expenses associated with tangible fixed assets and capitalized on inventories amounted to TL 6.826.675

A first level mortgage was placed on the property in the town of Horozgediği in Aliağa in favor of Türkiye Garanti Bankası A.Ş. on 14 November 2011 amounting to TL 1.100.000.000. The mortgage is related with the long-term loan received from the mentioned bank within the power plant project of İzdemir Enerji Elektrik Üretim A.Ş.

Construction in progress as of 31 December 2021 is composed of TL 41.768.768 for environmental infrastructure and melt shop investment expenditures within the frame of modernization of İzmir Demir Çelik Sanayi A.Ş., TL 217.166 for factory modernization of Akdemir Çelik Sanayi ve Ticaret A.Ş.and TL 3.930.701 for the expenditures of İDÇ Liman İşletmeleri A.Ş.

Historical cost value of property, plant and equipment and the accumulated depreciation as of 31 December 2021 is as follows:

31 December 2021	**Lands**	**Buildings and land improvements**	**Machinery and equipment**
Cost	10.136.378	470.255.355	1.408.460.690
Accumulated depreciation (-)	-	(245.080.379)	(766.538.116)
Net Book Value	10.136.378	225.174.976	641.922.574

31 December 2020	**Lands**	**Buildings and land improvements**	**Machinery and equipment**
Cost	8.169.425	465.964.856	1.352.280.373
Accumulated depreciation (-)	-	(235.172.000)	(707.563.330)
Net Book Value	8.169.425	230.792.856	644.717.043

Movement in the property, plant and equipment is as follows for the period ended 31 December 2020:

	Lands	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Ships	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
Cost										
1 January 2020	445.539.010	37.298.727	615.487.587	2.235.304.776	19.556.760	117.089.260	23.534.732	8.030.315	26.018.660	3.527.859.827
Additions	-	790.650	1.090.902	29.049.722	434.584	5.400.838	3.776.206	362.879	73.828.846	114.734.627
Disposals	-	-	-	(1.498.299)	(1.416.650)	(4.157.021)	(1.543.650)	(181.218)	(420.115)	(9.216.953)
Transfers	297.644	3.837.242	7.511.226	69.934.638	107.112	-	176.816	-	(81.864.678)	-
Increase in value	56.737.468	4.223.697	134.937.340	538.933.868	-	-	-	-	-	734.832.373
Reversal of impairment	-	-	2.077.068	-	-	-	-	-	-	2.077.068
Impairment	-	(3.373.762)	(9.170.827)	(14.018.724)	-	-	-	-	-	(26.563.313)
31 December 2020	**502.574.122**	**42.776.554**	**751.933.296**	**2.857.705.981**	**18.681.806**	**118.333.077**	**25.944.104**	**8.211.976**	**17.562.713**	**4.343.723.629**
Accumulated depreciation										
1 January 2020	-	(21.196.427)	(247.138.156)	(792.486.884)	(12.721.558)	(65.634.929)	(16.050.400)	(7.754.643)	-	(1.162.982.997)
Additions	-	(2.714.879)	(16.492.381)	(123.338.474)	(1.612.271)	(11.722.251)	(2.035.972)	(242.025)	-	(158.158.253)
Disposals	-	-	-	353.410	483.694	4.157.021	1.543.650	181.218	-	6.718.993
31 December 2020	**-**	**(23.911.306)**	**(263.630.537)**	**(915.471.948)**	**(13.850.135)**	**(73.200.159)**	**(16.542.722)**	**(7.815.450)**	**-**	**(1.314.422.257)**
Net Book Value as of 31 December 2020	**445.539.010**	**16.102.300**	**368.349.431**	**1.442.817.892**	**6.835.202**	**51.454.331**	**7.484.332**	**275.672**	**26.018.660**	**2.364.876.830**
Net Book Value as of 31 December 2020	**502.574.122**	**18.865.248**	**488.302.759**	**1.942.234.033**	**4.831.671**	**45.132.918**	**9.401.382**	**396.526**	**17.562.713**	**3.029.301.372**

The depreciation expense of tangible fixed assets for the period 1 January – 31 December 2020 amounted to TL 158.158.253. As of end of the period, the depreciation expenses associated with tangible fixed assets and capitalized on inventories amounted to TL 2.398.313

As of the end of the period, 11.144.852 TL of the ongoing investments are from the expenses within the scope of the company's ongoing factory modernization investment; It consists of the expenses of Akdemir Çelik Sanayi ve Ticaret A.Ş. within the scope of factory modernization, amounting to 6.417.857 TL.

The non-revalued cost values of land and land, underground and surface improvements, buildings and plant machinery and equipment and their related accumulated depreciation are as follows.

Distribution of depreciation expenses relating to property, plant and equipment is as follows.

	01.01.-31.12.2021	**01.01.-31.12.2020**
Cost of goods sold	168.813.614	128.629.654
Cost of service	17.159.603	24.379.282
Capitalized on inventories	6.826.675	2.398.338
General administrative expenses	2.821.356	2.750.979
	195.621.248	**158.158.253**

RIGHT OF USE ASSETS

31 December 2021	**Buildings**	**Vehicles**	**Machine equipment**	**Total**
Cost				
Opening balance	16.251.577	5.227.721	-	21.479.298
Additions	2.659.125	680.048	29.223.325	32.562.498
Closing Balance	18.910.702	5.907.769	29.223.325	54.041.796
Accumulated depreciation				
Opening balance	(1.477.417)	(2.248.764)	-	(3.726.181)
Cost for the period	(1.101.315)	(1.841.715)	(1.565.535)	(4.508.565)
Closing balance	(2.578.732)	(4.090.479)	(1.565.535)	(8.234.746)
Net book value prior period	14.774.160	2.978.957	-	17.753.117
Net book value current period	16.331.970	1.817.290	27.657.790	45.807.050

31 December 2020	**Buildings**	**Vehicles**	**Total**
Cost			
Opening	9.209.651	3.687.979	12.897.630
Additions	7.041.926	1.539.742	8.581.668
Closing Balance	16.251.577	5.227.721	21.479.298
Accumulated depreciation			
Opening	(418.621)	(764.365)	(1.182.986)
Additions	(1.058.796)	(1.484.399)	(2.543.195)
Closing balance	(1.477.417)	(2.248.764)	(3.726.181)
Net book value prior period	8.791.030	2.923.614	11.714.644
Net book value current period	14.774.160	2.978.957	17.753.117

13. INTANGIBLE ASSETS

Cost	**Rights**
1 January 2021	4.755.511
Purchases	129.293
31 December 2021	**4.884.804**
Accumulated amortization	
1 January 2021	(4.398.109)
Charge for the period	(122.485)
31 December 2021	**(4.520.594)**
Net Book Value as of 1 January 2021	**357.402**
Net Book Value as of 31 December 2021	**364.210**

Prior Period:

Cost	**Rights**
1 January 2020	4.638.655
Purchases	116.856
31 December 2020	**4.755.511**
Accumulated amortization	
1 January 2020	(4.148.843)
Charge for the period	(249.266)
31 December 2020	**(4.398.109)**
Net Book Value as of 1 January 2020	**489.812**
Net Book Value as of 31 December 2020	**357.402**

Distribution of amortization expenses relating to intangible assets is as follows.

	01.01.-31.12.2021	**01.01.-31.12.2020**
Cost of goods sold	95.783	74.077
General administrative expenses	26.702	175.189
	122.485	**249.266**

14. GOVERNMENT GRANTS AND INCENTIVES

For the period ended 1 January – 31 December 2020, the Group has an income of TL 12.121.580 from insurance premium employer share incentive based on the Labor Law numbered 4857 and Social Insurance and General Health Insurance Law numbered 5510 (1 January–31 December 2020: TL 11.467.788). This incentive granted by government is not collected in cash but deducted from the accrued insurance premiums by treasury. The mentioned incentive income was off set against cost of goods sold in the financial statements.

15. COMMITMENTS

Guarantees and bails received by the Group	31 December 2021	31 December 2020
Letters of guarantee received	321.052.522	25.873.207
Bails received	18.308.769.602	10.264.907.674
	18.629.822.124	**10.290.780.881**

Letters of guarantee are composed of the letters received from local vendors in return for goods and services rendered by the vendors. Bails received comprise bails provided by the Group's related parties and shareholders for the bank borrowings.

Bails received	EUR	USD	TL	Total TL
31 December 2021	33.260.000	1.291.740.000	589.383.500	18.308.769.602
31 December 2020	33.260.000	1.287.640.000	513.383.500	10.264.907.674

Guarantees, pledges and mortgages that are given by the Group at the end of the period are as follows.

	31 December 2021			
	Original Currency			Total
GUARANTEE- PLEDGE-MORTGAGES (GPM)	**EUR**	**USD**	**TL**	**TL**
A. Total amount of GPM given on behalf of own legal entities within Group	-	34.458.750	58.046.160	517.346.839
B. Total amount of GPM given in favor of consolidated subsidiaries	-	328.000.000	1.670.476.612	6.042.388.612
C. Total amount of GPM given for assurance of third parties' debts in order to conduct of usual business activities	-	-	-	-
D. Total amount of other GPM given	-	-	-	-
i. Total amount of GPM given in favor of parent company	-	-	-	-
ii. Total amount of GPM given in favor of other Group companies which B and C don't comprise	-	-	-	-
iii. Total amount of GPM given for third parties which C doesn't comprise	-	-	-	-
Total	**-**	**362.458.750**	**1.728.522.772**	**6.559.735.451**
Ratio of other given GPM to group's equity	-	-	-	-

	31 December 2020			
	Original Currency			Total
GUARANTEE- PLEDGE-MORTGAGES (GPM)	**EUR**	**USD**	**TL**	**TL**
A. Total amount of GPM given on behalf of own legal entities within Group	-	10.431.000	80.008.212	156.576.969
B. Total amount of GPM given in favor of consolidated subsidiaries	-	328.000.000	1.565.526.612	3.973.210.612
C. Total amount of GPM given for assurance of third parties' debts in order to conduct of usual business activities	-	-	-	-
D. Total amount of other GPM given	-	-	-	-
i. Total amount of GPM given in favor of parent company	-	-	-	-
ii. Total amount of GPM given in favor of other Group companies which B and C don't comprise	-	-	-	-
iii. Total amount of GPM given for third parties which C doesn't comprise	-	-	-	-
Total	**-**	**338.431.000**	**1.645.534.824**	**4.129.787.581**
Ratio of other given GPM to group's equity	-	-	-	-

	31 December 2021			
	Original Currency			Total
GUARANTEE	**EUR**	**USD**	**TL**	**TL**
Given to banks	-	26.858.750	-	358.000.279
Given to suppliers	-	4.600.000	-	61.313.400
Given to natural gas distribution companies	-	-	28.601.251	28.601.251
Given to electricity distribution companies	-	-	13.497.282	13.497.282
Given to customs office	-	-	13.001.181	13.001.181
Given to tax office	-	-	1.142.955	1.142.955
Other letters of guarantee given	-	3.000.000	1.803.491	41.790.491
Total	**-**	**34.458.750**	**58.046.160**	**517.346.839**

	31 December 2020			
	Original Currency			Total
GUARANTEE	**EUR**	**USD**	**TL**	**TL**
Given to banks	-	5.831.000	25.720.000	68.522.456
Given to suppliers	-	4.600.000	-	33.766.300
Given to natural gas distribution companies	-	-	20.492.004	20.492.004
Given to electricity distribution companies	-	-	10.497.282	10.497.282
Given to customs office	-	-	20.901.181	20.901.181
Given to tax office	-	-	626.955	626.955
Other letters of guarantee given	-	-	1.770.791	1.770.791
Total	**-**	**10.431.000**	**80.008.213**	**156.576.969**

Detail of the bails that the Group and its subsidiaries are given for using various loans in favour of each other is as follows.

	31 December 2021		
	Original Currency		Total
Bails given to fully consolidated companies	**USD**	**TL**	**TL**
- Given to Akdemir Çelik Sanayi ve Ticaret A.Ş.	-	34.822.071	34.822.071
- Given to İDÇ Liman İşletmeleri A.Ş.	15.000.000	15.100.541	215.035.541
- Given to İzdemir Enerji Sanayi ve Ticaret A.Ş.	313.000.000	1.620.554.000	5.792.531.000
Total	**328.000.000**	**1.670.476.612**	**6.042.388.612**

	31 December 2020		
	Original Currency		Total
Bails given to fully consolidated companies	**USD**	**TL**	**TL**
- Given to Akdemir Çelik Sanayi ve Ticaret A.Ş.	-	34.822.071	34.822.071
- Given to İDÇ Liman İşletmeleri A.Ş.	15.000.000	14.584.541	124.692.041
- Given to İzdemir Enerji Sanayi ve Ticaret A.Ş.	313.000.000	1.516.120.000	3.813.696.500
Total	**328.000.000**	**1.565.526.612**	**3.973.210.612**

16. EMPLOYEE BENEFITS

Short-term employee benefits

	31 December 2021	31 December 2020
Payables to personnel	10.110.640	7.714.755
Social security premiums payable	6.456.009	4.971.313
Income tax payable	4.351.882	3.205.012
Collective agreement wages difference accrual	8.089.238	-
	29.007.769	**15.891.080**

Long-term employee benefits

	31 December 2021	31 December 2020
Employee severance indemnity	50.287.138	42.919.591
Vacation pay liability	6.332.024	4.342.450
	56.619.162	**47.262.041**

Movement of employment termination benefits is as follows..

Employee Severance Indemnity	01.01.- 31.12.2021	01.01.- 31.12.2020
Provision at the beginning of the period	42.919.591	29.280.705
Service cost	8.288.907	6.322.028
Interest cost	1.359.344	1.326.457
Actuarial loss / (gain)	2.386.268	12.767.028
Payment during the year	(4.309.881)	(6.653.382)
Reversal of provision	(357.091)	(123.245)
Provision at the end of the period	**50.287.138**	**42.919.591**

Actuarial loss/gain is recognized in other comprehensive income.

Under the Turkish Labor Law, employees whose contracts are terminated by the employer for reasons set by the law are entitled to be paid compensation. As of 31 December 2021, the amount payable as compensation for each year served is equal to one month's salary subject to a ceiling of TL 8.284,51 (31 December 2020: 7.117,17 TL)

Employee severance indemnity is not subject to any funding as statutory requirement. Employee severance indemnity of the Group has been calculated as expressed in Note 2. The liability is computed on a thirty day wage base with a maximum of TL 8.284,51 for each year of service and utilizing the rates on date of retirement or departure.

Based on the basis that is mentioned above, the Group calculated provisions for employee severance indemnity and recorded to the financial statements by estimating the present value of the future probable obligation arising from the retirement of the employees.

Accordingly, the following actuarial assumptions were used in the calculation of the provision.

	31 December 2021	31 December 2020
Inflation rate	% 17,40	% 9,50
Nominal interest rate	% 22	% 13,55
Real discount rate	% 3,92	% 3,70

The Group's expected probability rate to pay the employee severance indemnity is 98% except those quitting their jobs on their own wish and those not eligible for severance pay (31 December 2020: 96%).

Movement of the vacation pay liability is as follows.

	01.01.- 31.12.2021	01.01.- 31.12.2020
Beginning of the period	4.342.450	2.645.637
Change for the period	1.989.574	1.696.813
End of the period	**6.332.024**	**4.342.450**

Vacation pay liability is calculated by multiplying the remaining vacation days with daily salaries. Current period allowance is accounted under long term provisions in consolidated financial statements.

17. EXPENSES BY NATURE

Expenses by nature consist of cost of goods sold, general administration expenses, sales and marketing expenses and other expenses from operating activities

	01.01.- 31.12.2021	01.01.- 31.12.2020
Direct material expense	8.339.894.137	3.697.134.208
Utility expenses	639.335.274	456.647.177
Personnel and labour expenses	294.068.006	220.718.815
Depreciation and amortization expense	193.425.623	158.552.376
General manufacturing expenses	397.259.530	282.953.946
Freight expense	145.889.089	59.414.770
Change in inventories	(303.838.429)	38.653.413
Other	100.592.094	75.863.163
	9.806.625.324	**4.989.937.869**

Fees paid for services provided by Independent Audit firm

The Company's explanation regarding the fees for the services received from the independent audit firms, which is based on the letter of POA dated August 19,2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on March 30,2021 are as follows:

	01.01.- 31.12.2021	01.01.- 31.12.2020
Fee for independent audit	265.000	222.000

18. OTHER ASSETS AND LIABILITIES

Other Current Assets

	31 December 2021	31 December 2020
Deferred VAT	11.312.643	10.288.651
Prepaid tax	3.941.820	1.934.213
Other	349.872	467.239
	15.604.335	**12.690.103**

Other Current Liabilities

	31 December 2021	31 December 2020
VAT payable	111.883.919	78.072.850
Tax relating to the Law No.7326	1.190.508	-
Deferred income	485.431	761.627
Other liabilities	8.430	3.601
	113.568.288	**78.838.078**

Liabilities from Customer Contracts

	31 December 2021	31 December 2020
Advances received from customers	576.510.903	610.595.918
	576.510.903	**610.595.918**

19. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Paid in Capital

The Company adopted registered paid- in capital system pursuant to the articles of the Law numbered 2499 after the permission from the Capital Market Board on 22 August 1984. The Company's registered capital is TL 1.500.000.000.000; shares are divided into 150.000.000.000 each with a nominal value of Kurus 1.

The permission granted by the Capital Market Board to be on the registered capital ceiling is valid for the years between 2020 and 2024 (5 years). Board of directors cannot take decision after 2025 for increase of capital even if the registered capital ceiling allowed till the end of 2024 is not reached. It is compulsory to obtain authorization for a new capital ceiling from the General Assembly provided that the Capital Market Board endorses the ceiling. If mentioned authority is not taken, the Company is deemed to have come out from the registered capital system.

The Company's issued share capital is, fully paid TL 1.500.000.000. This capital is formed in total 150.000.000.000 unit shares of Group A which has 800 units written to name each valued 1 Kuruş and of Group B which has 149.999.999.200 units written to name each valued 1 Kuruş. Registration to stock register of the shares written to name is subject to the approval of the Board. Registered shares may be withheld from the record by the Group even with no reason**.**

Board of directors have decided, on its meeting, dated 28 October 2020, capital to be increased by % 300 from 375 million TL to 1,5 billion TL through right issue. The capital injection process has been completed on April 15, 2021 with cash inflows of 1.127.884.035 TL.

The capital structure is as follows.

Shareholders	**(%)**	**31 December 2021**	**(%)**	**31 December 2020**
Şahin – Koç Çelik Sanayi A.Ş.	58,13	871.889.341	58,13	217.972.335
Halil Şahin	-	-	14,79	55.459.438
Other (Publicly traded)	41,87	628.110.659	27,08	101.568.227
Capital with historic value	**100**	**1.500.000.000**	**100**	**375.000.000**

Group A shares are the privileged shares. More than the half of the Members of Board of Directors is elected from the owners of Group A shares at the General Assembly. After distribution of first dividends founding shareholders are entitled to receive 10% of the remaining profit. Then, Board of Directors are entitled to receive 10% of the remaining profit.

Inflation Adjustment on Capital

	31 December 2021	**31 December 2020**
Inflation adjustment on capital	22.763.962	22.763.962
	22.763.962	**22.763.962**

Legal Reserves

	31 December 2021	**31 December 2020**
Legal reserves	25.832.374	25.832.374
	25.832.374	**25.832.374**

The legal reserves are comprised of first and second reserves, appropriated in accordance with the Turkish Commercial Code. The code stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in-capital and at the rate of 9% p.a. of all cash distribution in excess of 5% of the paid-in-share capital in case of full distribution of respective profit as dividend. The legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in-capital.

Publicly-traded companies are obligated to execute distribution of dividend in compliance with the communique No. II-19.1 issued by the CMB, effective from 1 February 2014.

Companies distribute dividends in accordance with their dividend policies settled and dividend payment decision taken in general assembly and also conforming to relevant legislations. The communique does not dictate a minimum dividend rate. Companies distribute dividend in accordance with the frame defined in their dividend policy or articles of incorporation. Furthermore, dividend can be distributed by fixed or variable instalments and advance dividend can be paid on the profit reported on interim financial statements.

Retained earnings

Retained earnings in legal books can be distributed taking the following article into consideration.

In accordance with the Communiqué II, No: 14.1; at the first time application of inflation adjustments on financial statements, equity items, namely Share Premiums, Legal Reserves, Statue Reserves, Special Reserves and Extraordinary Reserves were carried at nominal value in the statement of financial position and inflation differences of such items were presented in equity under the retained earnings in total.

Revaluation Fund Gains and Losses

Revaluation Fund Gains and Losses are composed of increases/decreases on valuation of tangible fixed asset and actuarial gains/losses on employee benefits.

With amendments to standard of TAS 19 Employee Benefits, actuarial gains and losses taken into consideration in calculation of severance indemnity provision are not allowed to be accounted in profit or loss statement. Gains and losses arising from changes in actuarial assumptions are recorded as revaluation fund gains and losses in equity.

Movement of Revaluation Fund Gains/ (Losses) is as follows.

	01.01.-31.12.2021	**01.01.-31.12.2020**
Beginning of the period	1.607.821.839	1.114.126.685
Revaluation of property, plant and equipment	-	571.799.431
Depreciation transfer from revaluation fund	(119.967.498)	(80.459.811)
Deferred tax calculated over depreciation	23.993.500	16.091.962
Losses on revaluation of employee benefits	(2.357.750)	(12.688.238)
Deferred tax calculated on losses on revaluation of employee benefits	471.550	2.537.648
Effect of change in shareholding at subsidiary	224.757	-
Fund outflows from sales of property, plant and equipment	(1.377.851)	(3.585.838)
Effect of revaluation in respect to the law No. 7326	12.430.267	-
End of the period	**1.521.238.814**	**1.607.821.839**

Non-Controlling Interests

	31 December 2021	**31 December 2020**
Shares in capital	25.702.027	20.136.027
Revaluation fund	44.433.850	46.493.765
Actuarial loss / (gain)	(89.493)	(67.073)
Shares in accumulated profit / (losses)	(31.447.157)	(26.646.988)
Share in profit / (loss) for the period	(16.412.871)	(6.804.941)
	22.186.356	**33.110.790**

20. REVENUE AND COST OF SALES

	01.01.- 31.12.2021	01.01.- 31.12.2020
Domestic sales	8.005.100.386	4.225.327.954
Export sales	2.830.624.696	996.615.812
Sales returns (-)	(2.367.410)	(4.759.579)
Other deductions from sales (-) (*)	(10.177.821)	(5.330.941)
Revenue	**10.823.179.851**	**5.211.853.246**
Cost of goods sold	(9.343.325.922)	(4.665.124.931)
Cost of merchandise sold	(98.985.803)	(74.658.651)
Cost of services	(252.610.480)	(142.056.673)
Cost of Sales	**(9.694.922.205)**	**(4.881.840.255)**
Gross Profit	**1.128.257.646**	**330.012.991**

Details of the reportable segments used in management reporting are disclosed in Note 3.

21. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

	01.01.- 31.12.2021	01.01.- 31.12.2020
General administrative expenses	66.183.132	53.757.208
Marketing expenses	37.321.577	17.554.504
	103.504.709	**71.311.712**

General Administrative Expenses

	01.01.- 31.12.2021	01.01.- 31.12.2020
Personnel expenses	33.275.938	26.928.170
Insurance expenses	7.816.926	6.568.648
Depreciation and amortization expenses	4.361.040	4.197.421
Contracted labour expenses	2.444.096	1.751.250
Information technology expenses	1.810.684	1.026.143
Counselling and consultation expenses	1.797.655	1.490.702
Subscription expenses	1.411.969	1.155.207
Taxes and other legal dues	1.370.076	1.626.431
Communication expenses	1.212.126	922.707
Employee termination benefit expenses	1.071.072	1.021.480
Representation and accommodation expenses	974.457	338.510
Electricity market operating expenses	502.273	467.563
Other expenses	8.134.820	6.262.976
	66.183.132	**53.757.208**

Marketing Expenses

	01.01.- 31.12.2021	**01.01.- 31.12.2020**
Commission expenses	13.928.772	4.745.386
Transportation expenses	8.431.284	4.686.127
Port services	6.584.494	2.466.651
Personnel expenses	4.110.695	2.638.631
Export expenses	2.759.603	1.107.746
Other expenses	1.506.729	1.909.963
	37.321.577	**17.554.504**

22. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other Income from Operating Activities

	01.01.- 31.12.2021	**01.01.- 31.12.2020**
Foreign exchange gains, net	132.840.278	65.527.568
Profit from Sale of ship fuel	5.976.057	6.078.466
Indemnity income	5.135.982	9.849.937
Sales of operating equipment	2.836.830	27.183.689
Finance income over sales with maturity	2.167.170	964.966
Rediscount income	1.351.367	913.310
Reversal of provisions	1.244.398	7.221.101
Other	5.172.479	8.543.426
	156.724.561	**126.282.463**

Other Expenses from Operating Activities

	01.01.- 31.12.2021	**01.01.- 31.12.2020**
Cost of transport services delivered	2.969.249	2.421.057
Cost of operating equipment sold	1.975.146	24.691.521
Rediscount expenses	1.075.691	788.889
Doubtful receivables	4.204	5.434.771
Other	2.174.120	3.449.664
	8.198.410	**36.785.902**

23. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from Investing Activities

	01.01.- 31.12.2021	01.01.- 31.12.2020
Increase in value in investment properties	50.884.000	11.366.000
Gain on sales of property, plant and equipment	-	4.468.670
Reversal of impairment	-	2.077.068
	50.884.000	**17.911.738**

Expenses from Investing Activities

	01.01.- 31.12.2021	01.01.- 31.12.2020
Loss on derivative financial instruments	14.507.651	58.195.999
Loss on sales of property, plant and equipment	420.859	-
İmpairment losses on fixed asset	-	26.563.313
Changes in fair value of derivative financial instruments	-	2.523.841
	14.928.510	**87.283.153**

24. FINANCIAL INCOME AND EXPENSES

Financial Income

	01.01.- 31.12.2021	01.01.- 31.12.2020
Foreign exchange gain	462.030.875	16.836.136
Interest income	40.983.244	18.963.976
	503.014.119	**35.800.112**

Financial Expenses

	01.01.- 31.12.2021	01.01.- 31.12.2020
Foreign exchange loss	2.340.774.214	607.747.590
Interest expenses	189.685.740	185.339.444
Bank charges	39.320.513	31.491.546
	2.569.780.467	**824.578.580**

25. ANALYSIS OF OTHER COMPREHENSIVE INCOME COMPONENTS

The Group has other comprehensive gain amounting to TL 10.523.576 for the period ended 31 December 2021 not to be reclassified to profit or loss (31 December 2020: 577.652.277).

26. INCOME TAXES (INCLUDED DEFERRED TAX ASSETS AND LIABILITIES)

Corporate Tax Payable	**31 December 2021**	**31 December 2020**
Provision for corporate tax payable	8.237.486	5.976.152
Prepaid taxes and funds	(8.237.486)	(2.798.960)
	-	**3.177.192**

Tax Provision for the Period	**01.01.- 31.12.2021**	**01.01.- 31.12.2020**
Corporate tax provision	(8.237.486)	(5.976.152)
Deferred tax income / (expense)	84.446.760	53.404.533
Tax effect of revaluation	(1.190.508)	-
	75.018.766	**47.428.381**

Corporate Tax

In Turkey, corporate tax rate is 20% as of 31 December 2021. Temporary tax is calculated and accrued quarterly in Turkey. Losses may be carried forward for a maximum period of five years in order to be deducted from the taxable profit to be earned in the coming years.

However, the corporate tax rate will be applied as 25% for the corporate income for the 2021 taxation period and 23% for the corporate income for the 2022 taxation period in accordance with the article 11 of the Law No. 7316 on the Procedure for Collection of Public Claims and the Law Amending Some Other Laws and included to the temporary article 13 of Law No. 5520 Corporate Tax Law which are published in the Official Gazette numbered 31462 on 22 April 2021.

Deferred Tax:

The Group recognizes deferred tax assets and liabilities based on temporary differences arising between the financial statements as reported in accordance with CMB Communiqué Serial: II, No: 14.1 and the statutory tax financial statements. The differences which are explained below usually result in the recognition of revenue and expenses in different reporting periods for Account Standards Communiqué of CMB and tax purposes.

In line with the estimations made, the Group has accounted for a deferred tax asset of TL 311.442.917 over previous year financial losses amounting to TL 1.543.728 253 as of 31 December 2021, within the framework of the opinion that it is highly probable to obtain sufficient taxable profit in the future periods and that the said assets can be used. (31 December 2020: 1.472.953.841 TL and 294.590.768 TL, respectively).

Items that constitute base to deferred tax and corporate tax are presented below.

	31December 2021	**31December 2021**	**31 December 2020**	**31 December 2020**
	Temporary Difference	**Deferred Tax**	**Temporary Difference**	**Deferred Tax**
Deferred Tax Assets				
Inventories	14.553.513	2.910.703	4.621.067	924.213
Employee termination benefits	50.287.136	10.057.427	42.919.591	8.583.918
Vacation pay liability	6.332.024	1.266.405	4.342.450	868.490
Trade receivables	65.123.679	13.024.736	58.314.213	11.662.843
Property, plant and equipment and intangible assets	112.684.267	22.536.854	108.367.893	21.673.578
Other current assets	2.952.332	590.466	2.682.904	536.581
Financial debts	150.934.249	30.186.850	146.101	29.220
Trade payables	128.825	25.765	-	-
Lease operations	-	-	222.909	44.582
Provisions	8.105.191	1.621.039	-	-
Tax losses carried forward	-	311.442.917	-	294.590.768
Assets stemming from capital increase tax incentive	-	27.585.000	-	-
		421.248.162		**338.914.193**
Deferred Tax Liabilities				
Fair values of fixed assets	(1.893.692.812)	(378.550.385)	(2.068.296.839)	(413.659.366)
Investment properties	(135.996.451)	(13.599.645)	(85.112.451)	(8.511.245)
Cash and equivalences	(51.260.571)	(10.252.114)	-	-
Trade payables	-	-	(393.938)	(78.787)
Fair values of derivative financial instruments	-	-	(1.199.454)	(239.891)
Lease operations	(25.322.549)	(5.064.510)	-	-
		(407.466.654)		**(422.489.289)**
Net Deferred Tax Liabilities		**13.781.508**		**(83.575.096)**

Within the scope of the "Law Amending the Laws of Some Laws and Amendments to Laws" numbered 6637 published in the Commercial Gazette dated April 7, 2015, the capital increases of the capital companies as of July 1, 2015 and the cash contributions of the capital invested in newly established capital companies 50% of the amount calculated up to the end of the relevant accounting period will be deductible from the corporate tax base considering the weighted average annual interest rate applied to commercial loans.

a) For publicly traded capital companies whose shares are traded in the stock exchange, the nominal amount of the shares that are listed as shares in the stock exchange in the Central Registry Agency as of the last day of the year in which the deduction is utilized is 50% or less of the registered or registered capital registered in the trade register 25 points, 50 points for those who are above 50%

b) If the capital raised in cash is to be used in investments of production and industrial facilities with investment incentive certificates and machinery and equipment investments belonging to these facilities and / or land and land investments allocated to the construction of these facilities, 25 points shall be added to the fixed investment amount stated in the investment incentive certificate the discount will be applied.

In the reporting period, the profit-making companies of the group used the amount of taxable profit they obtained from the previous year's financial losses, which were previously recognized as deferred tax assets. The deferred tax assets from transferred financial losses continued to be carried. The recoverability of the related deferred tax assets in the next reporting periods will be re-evaluated according to the current conditions and projections. In the event that the financial profits foreseen within the legal periods cannot be obtained, the group's shareholders' equity will decrease by the same amount by cancelling the related deferred tax assets.

For İzdemir, whether the financial loss incurred in the current period can be deducted from the financial profits that may be obtained in the future, consistent with the evaluations made in the previous periods, has been discussed in accordance with TAS 12 Income Taxes standard. As a result of the evaluation made by the group management; Since it has been concluded that taxable profit can be obtained in the next five years, deferred tax assets have been accounted for, taking into account the expiration dates of all the relevant carried financial losses, excluding some of the current period tax losses. However, İzmir Demir Çelik made a loss in the current period. Whether the said loss can be deducted in the future has also been evaluated in accordance with TAS 12 Income Taxes standard. As a result of the evaluation, the group management has not recognized deferred tax assets for current period tax losses, as it has considered that it has already recognized a sufficient amount of deferred tax assets that can be deducted from future financial profits in terms of their useful life in the accompanying consolidated financial statements prepared as of 31 December 2021. This situation will be re-evaluated in the next balance sheet periods.

Movements in Deferred Tax Asset / (Liability)	**01.01.- 31.12.2021**	**01.01.- 31.12.2020**
Balance at the beginning of the period	(83.575.096)	7.433.439
Tax effect of actuarial loss /(gain) of severance indemnity	477.252	2.553.407
Deferred tax income	84.446.760	53.404.533
Effect of increase in revaluation fund	-	(146.966.475)
Effect of revaluation i	12.432.592	-
Balance at the end of the period	**13.781.508**	**(83.575.096)**

Movement of deferred tax assets and liabilities are presented below

	1 January 2021	Recognised in profit loss statement	Recognized in other comprehensive income	31 December 2021
Deferred Tax Assets				
Inventories	924.213	1.986.490	-	2.910.703
Employee termination benefits	8.583.919	996.257	477.252	10.057.428
Vacation pay liability	868.490	397.915	-	1.266.405
Trade receivables	11.662.842	1.361.894	-	13.024.736
Property, plant and equipment and intangible assets	21.673.578	863.275	-	22.536.853
Other current assets	536.581	53.885	-	590.466
Financial liabilities	29.220	30.157.630	-	30.186.850
Trade payables	-	25.765	-	25.765
Lease operations	44.582	(44.582)	-	-
Provisions	-	1.621.039	-	1.621.039
Tax losses carried forward	294.590.768	16.852.149	-	311.442.917
Assets stemming from capital increase tax incentive	-	27.585.000	-	27.585.000
	338.914.193	**81.856.717**	**477.252**	**421.248.162**
Deferred Tax Liabilities				
Fair value measurements of Property, plant and equipment	(413.659.366)	22.676.389	12.432.592*	(378.550.385)
Investment properties	(8.511.245)	(5.088.400)	-	(13.599.645)
Cash and cash equivalents	-	(10.252.114)	-	(10.252.114)
Fair value measurements of derivative financial instruments	(239.891)	239.891	-	
Trade payables	(78.787)	78.787	-	-
Lease operations	-	(5.064.510)	-	(5.064.510)
	(422.489.289)	**2.590.043**	**12.432.592**	**(407.466.654)**
Net Deferred Tax Assets/ (Liabilities)	**(83.575.096)**	**84.446.760**	**12.909.844**	**13.781.508**

* : In accordance with the Law No. 7326 published in the Official Gazette on 9 June 2021 some of the group subsidiaries have revalued their depreciable economic assets recorded in their assets. The revaluation records made in accordance with the provisions of the VUK have been cancelled in these financial statements prepared in accordance with TFRS. Currently, the group values its lands and buildings, machinery and plant devices with a revaluation model. Since the temporary differences calculated with the revaluation model have decreased due to the VUK valuation, the portion of the deferred tax liability previously calculated within the scope of TAS 12 Income Tax Standard, corresponding to the difference, has been cancelled. The tax income of this cancellation is recognized in the consolidated statement of other comprehensive income.

Reconciliation of tax provision that is presented in the profit or loss statement is as follows.

Reconciliation of tax provision	**Tax rate**	**01.01.-31.12.2021**	**Tax rate**	**01.01.-31.12.2020**
Net profit/(loss) for the period		(782.513.004)		(462.523.662)
Total tax income / (expense)		75.018.766		47.428.381
Profit /(loss) before tax		(857.531.770)		(509.952.043)
Tax on profit per statutory tax rate of the parent company	(%25)	214.382.942	(%22)	112.189.449
Non-deductible expenses		(46.049.507)		(3.848.558)
Tax exempt income		24.667.266		2.169.446
Discount on tax rate		5.088.400		(731.196)
Effect of change on corporation tax rate		(21.281.803)		(12.658.808)
Cancellation of retained earnings		(3.809.028)		(49.801.432)
Effect of taxable loss for the period 2021		(123.631.609)		-
Effect of capital increase tax incentive		27.585.000		-
Effect of revaluation		(1.291.741)		-
Other		(641.154)		109.480
Total tax income		**75.018.766**		**47.428.381**

The maturity of the tax losses are as follows:

		31 December 2021		**31 December 2020**	
Period, tax losses occurred	Maturity of tax losses	Tax losses carried forward	booked as deferred tax asset	Tax losses carried forward	booked as deferred tax asset
2016	2021	-	-	117.719.937	117.719.937
2017	2022	89.908.872	89.908.872	89.908.872	89.908.872
2018	2023	416.407.663	416.407.663	416.407.663	276.407.663
2019	2024	534.993.067	534.993.067	537.624.000	537.624.000
2020	2025	409.968.166	409.968.166	451.293.369	451.293.369
2021	2026	614.976.921	92.450.485	-	-
Total		**2.066.254.689**	**1.543.728.253**	**1.612.953.841**	**1.472.953.841**

27. EARNINGS PER SHARE

Weighted average number of the company shares and calculated earnings per share are as follows

	01.01.-31.12.2021	**01.01.-31.12.2020**
Profit for the period attributable to parent company	(766.100.133)	(455.718.721)
Weighted average number of ordinary shares	1.048.130.194	375.000.000
Earnings / (losses) per share TL	(0,7309)	(1,2152)
Earnings / (losses) per share	(%73,09)	(%121,52)

28. EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES

Analyse of changes in foreign exchange rates is depicted in note 31. Foreign exchange loss recorded on income statement for the current period is TL 1.762.845.542.

29. DERIVATIVE INSTRUMENTS

	31 December 2021	31 December 2020
Income accrual on derivative instruments	-	2.854.952
	-	**2.854.952**

Income accrual on derivative instruments consists of fair value differences of option contracts and future contracts recognized in profit or loss statement.

	31 December 2021	31 December 2020
Expense accrual on derivative instruments	-	1.655.498
	-	**1.655.498**

Expense accrual on derivative instruments consists of fair value differences of option contracts and future contracts recognized in profit or loss statement.

Forward exchange transactions

The Group's business operations are exposed to financial risk due to changes in currency rate and interest rate basically. The Group utilizes derivative financial instruments (primarily currency exchange forward contracts) to avoid fair value risks.

Derivative financial instruments are calculated at fair value on contract date and recalculated at their fair value at next reporting date. The variations on market values are accounted in the profit or loss statement of relevant period.

The Group does not adopt hedge accounting for derivative financial instruments. The group has no contract in short position as of 31 December 2021

30. FINANCIAL INSTRUMENTS

Financial assets	**31 December 2021**	**31 December 2020**
Cash and cash equivalents	2.038.466.872	255.835.616
Trade receivables	258.790.289	86.470.527
Financial investments	1.023.056	937.679
Financial liabilities		
Financial liabilities	5.929.962.043	3.162.893.680
Trade payables	136.581.903	100.378.288

Financial Borrowings	**31 December 2021**	**31 December 2020**
Short term borrowings	629.548.554	1.039.622.113
Letter of credit borrowings	3.697.147.633	1.118.440.788
Lease contracts	8.425.175	2.945.312
	4.335.121.362	**2.161.008.213**
Short term portion of long term borrowings	1.094.465.732	305.513.113
Total short term financial borrowings	**5.429.587.094**	**2.466.521.326**
Long term borrowings	462.905.529	681.341.638
Lease contracts	37.469.420	15.030.716
Total long term financial borrowings	**500.374.949**	**696.372.354**
Total financial borrowings	**5.929.962.043**	**3.162.893.680**

The pledges and mortgages given by the Group against borrowings are disclosed in Note 12 and 15.

Breakdown of short term and long term financial borrowings with respect to currency are as follows

31 December 2021

Currency	**Short term**	**Long term**	**Total**	**TL equivalent**
USD	399.347.624	33.555.271	432.902.895	5.780.552.358
TL	97.098.271	52.311.414	149.409.685	149.409.685
				5.929.962.043

31 December 2020

Currency	**Short term**	**Long term**	**Total**	**TL equivalent**
USD	283.654.439	85.466.656	369.121.095	2.709.533.402
TL	384.355.913	69.004.365	453.360.278	453.360.278
				3.162.893.680

The contractual interest rates at the statement of financial position date are as follows.

Short term	**31 December 2021**	**31 December 2020**
USD borrowings	Libor+0,70 - %5,50	Libor+0,80 - %3,50
TL borrowings	%19,75	%6,95 - %11,90

Long term	**31 December 2021**	**31 December 2020**
USD borrowings	Libor+0,75 - Libor+3,40-%3,78	Libor+0,75 - Libor+3,40
TL borrowings	%7,50-%22,89	%7,50-%18,01

As of the statement of financial position date, repayment plans of total borrowings are as follows.

	31 December 2021	**31 December 2020**
2021	-	2.466.521.326
2022	5.429.587.096	570.975.825
2023	284.345.935	107.893.463
2024	85.944.017	3.508.303
2025 ve after	130.084.995	13.994.763
	5.929.962.043	**3.162.893.680**

The value of financial leasing liabilities as of the date of financial position is as follows.

	31 December 2021	**31 December 2020**
Currency	TL and EURO	TL
Interest nature	Constant	Constant
Contract term	3 – 19 years	3 – 20 years
Discount rate	%3,75- 10,17%	10,17%
Balance sheet value	45.894.595	17.976.027
Minimum lease payments in the future	70.064.324	37.996.901
İnterest	24.169.729	20.020.874
Present value of lease payments	45.894.595	17.976.027

31. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Credit risk

Registered values of financial assets show the maximum credit risk exposed. Maximum credit risk exposed as of the reporting date is as follows.

	Receivables						
	Trade Receivables		**Other Receivables**				
Current Period 31 December 2021	**Related Party**	**Other Party**	**Related Party**	**Other Party**	**Bank Deposits**	**Derivate Instruments**	**Other**
Exposure to maximum credit risk as of reporting date (A+B+C+D) (*)	**42.565**	**258.747.724**	**105.922.053**	**6.445.037**	**2.037.519.500**	**-**	**-**
- The secured part of maximum credit risk	-	-	-	-	-	-	-
A. Net book value of financial assets that are neither impaired nor overdue	42.565	240.562.114	105.922.053	6.445.037	2.037.519.500	-	-
B. Net book value of impaired assets	-	18.185.610	-	-	-	-	-
C. Net book values of the impaired assets	-	-	-	-	-	-	-
- Overdue (gross book value)	-	43.241.240	-	-	-	-	-
- Impairment (-)	-	(43.241.240)	-	-	-	-	-
- Secured part of the net value	-	-	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured part of the net value	-	-	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-	-	-

Current Period 31 December 2020	Receivables				Bank Deposits	Derivate Instruments	Other
	Trade Receivables		Other Receivables				
	Related Party	Other Party	Related Party	Other Party			
Exposure to maximum credit risk as of reporting date (A+B+C+D) (*)	2.831.210	83.639.317	63.658.902	4.931.075	255.691.575	2.854.952	-
- The secured part of maximum credit risk	-	-	-	-	-	-	-
A. Net book value of financial assets that are neither impaired nor overdue	2.831.210	73.660.861	63.658.902	4.931.075	255.691.575	2.854.952	-
B. Net book value of impaired assets	-	9.978.456	-	-	-	-	-
C. Net book values of the impaired assets	-	-	-	-	-	-	-
- Overdue (gross book value)	-	44.124.342	-	-	-	-	-
- Impairment (-)	-	(44.124.342)	-	-	-	-	-
- Secured part of the net value	-	-	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured part of the net value	-	-	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-	-	-

(*) Items that enhance the loan security such as collaterals were not taken into consideration in determining the amount.

Group did not set provisions for overdue receivables since there was no trouble with the collection from customers in the past and the receivables which were overdue in prior periods were collected without any problem.

The usage of credit limits are continuously monitored by the Group and the credit quality is constantly evaluated by taking into account the clients' financial position and previous experiences as well as other factors.

The ageing details of receivables of the Group overdue however not impaired are as follows with their due dates.

Current Period 31 December 2021	Receivables		Bank Deposits	Derivate Instruments	Other
	Trade Receivables	Other Receivables			
Past due 1-30 days	18.048.970	-	-	-	-
Past due 1-3 moths	109.529	-	-	-	-
Past due 3-12 months	26.988	-	-	-	-
Past due 1-5 years	124	-	-	-	-
Past due 5 years or more	-	-	-	-	-
	18.185.611	**-**	**-**	**-**	**-**

Current Period 31 December 2020	Receivables		Bank Deposits	Derivate Instruments	Other
	Trade Receivables	Other Receivables			
Past due 1-30 days	4.276.538	-	-	-	-
Past due 1-3 moths	1.156.502	-	-	-	-
Past due 3-12 months	4.536.410	-	-	-	-
Past due 1-5 years	9.006	-	-	-	-
Past due 5 years or more	-	-	-	-	-
	9.978.456	**-**	**-**	**-**	**-**

Foreign Currency Risk

	Current Period 31 December 2021				Prior Period 31 December 2020			
	TL Equivalent (Functional currency)	USD	Euro	Other (TL Equivalent)	TL Equivalent (Functional currency)	USD	Euro	Other (TL Equivalent)
1. Trade receivables	177.163.091	13.291.518	30	-	35.529.214	4.840.163	-	-
2a. Monetary financial assets	1.944.250.572	144.857.336	800.642	1.368.089	239.123.834	31.673.609	660.140	677.231
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	21.385.950	2.913.419	-	-
4. Current Assets (1+2+3)	**2.121.413.663**	**158.148.854**	**800.672**	**1.368.089**	**296.038.998**	**39.427.191**	**660.140**	**677.231**
5. Trade receivables	-	-	-	-	-	-	-	-
6a. Monetary financial assets	2.240.128	157.168	-	145.238	1.231.920	156.568	-	82.634
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-
8. Non-Current Assets (5+6+7)	**2.240.128**	**157.168**	**-**	**145.238**	**1.231.920**	**156.568**	**-**	**82.634**
9. Total Assets (4+8)	**2.123.653.791**	**158.306.022**	**800.672**	**1.513.327**	**297.270.918**	**39.583.759**	**660.140**	**759.865**
10. Trade payables	41.734.083	2.460.461	587.508	-	16.091.705	1.737.222	368.840	17.153
11. Financial liabilities	5.332.488.823	399.347.624	-	-	2.082.165.413	283.654.439	-	-
12a. Monetary other liabilities	292.713	10.238	10.322	-	73.405	10.000	-	-
12b. Non-monetary other liabilities	-	-	-	-	-	-	-	-
13. Short Term Liabilities (10+11+12)	**5.374.515.619**	**401.818.323**	**597.830**	**-**	**2.098.330.523**	**285.401.661**	**368.840**	**17.153**
14. Trade payables	-	-	-	-	-	-	-	-
15. Financial liabilities	448.063.535	33.555.271	-	-	627.367.988	85.466.656	-	-
16a. Monetary other liabilities	-	-	-	-	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-	-	-	-	-
17. Long Term Liabilities (14+15+16)	**448.063.535**	**33.555.271**	**-**	**-**	**627.367.988**	**85.466.656**	**-**	**-**
18. Total Liabilities (13+17)	**5.822.579.154**	**435.373.594**	**597.830**	**-**	**2.725.698.511**	**370.868.317**	**368.840**	**17.153**
19. Net asset/(liability) position of off-balance sheet derivative instruments (19a-19b)	-	-	-	-	(33.032.250)	(4.500.000)	-	-
19a. Off-balance sheet foreign currency derivative assets	-	-	-	-	25.691.750	3.500.000	-	-
19b. Off-balance sheet foreign currency derivative liabilities	-	-	-	-	58.724.000	8.000.000	-	-
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	**(3.698.925.363)**	**(277.067.572)**	**202.842**	**1.513.327**	**(2.461.459.843)**	**(335.784.558)**	**291.300**	**742.712**
21. Net foreign currency asset / (liability) position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(3.698.925.363)	(277.067.572)	202.842	1.513.327	(2.428.427.593)	(331.284.558)	291.300	742.712
22. Fair value of financial instruments used in foreign currency hedges	-	-	-	-	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-	-	-	-	-

Foreign currency risk sensitivity analysis

In case of a fluctuation by 10% in TL against foreign currencies as shown below, the profit or loss statement is expected to be affected as below. While making the analysis, all other variables are assumed to remain unchanged.

Foreign Currency Risk Sensitivity Analysis				
	Profit / Loss		**Equity**	
Current Period 31 December 2021	Appreciation of foreign currency	Devaluation of foreign currency		Appreciation of foreign currency
Change in the USD against TL by 10 % :				
1- Net asset / liability of USD	(370.348.264)	370.348.264	-	-
2- USD risk hedged (-)	-	-	-	-
3- USD net effect (1+2)	**(370.348.264)**	**370.348.264**	-	-
Change in the EUR against TL by 10 % :				
4- Net asset / liability of EURO	304.395	(304.395)	-	-
5- EUR risk hedged (-)	-	-	-	-
6- EUR net effect (4+5)	**304.395**	**(304.395)**	-	-
Change in the other foreign currencies against TL by 10 %				
7- Net asset / liability of other currency	151.333	(151.333)	-	-
8- Other currency risk hedged (-)	-	-	-	-
9- Other currencies net effect (7+8)	**151.333**	**(151.333)**	-	-
TOTAL (3+6+9)	**(369.892.536)**	**369.892.536**	-	-

Foreign Currency Risk Sensitivity Analysis				
	Profit / Loss		**Equity**	
Current Period 31 December 2020	Appreciation of foreign currency	Devaluation of foreign currency		Appreciation of foreign currency
Change in the USD against TL by 10 % :				
1- Net asset / liability of USD	(243.179.431)	243.179.431	-	-
2- USD risk hedged (-)	(3.303.225)	3.303.225	-	-
3- USD net effect (1+2)	**(246.482.656)**	**246.482.656**	-	-
Change in the EUR against TL by 10 % :				
4- Net asset / liability of EURO	262.400	(262.400)	-	-
5- EUR risk hedged (-)	-	-	-	-
6- EUR net effect (4+5)	**262.400**	**(262.400)**	-	-
Change in the other foreign currencies against TL by 10 %				
7- Net asset / liability of other currency	74.271	(74.271)	-	-
8- Other currency risk hedged (-)	-	-	-	-
9- Other currencies net effect (7+8)	**74.271**	**(74.271)**	-	-
TOTAL (3+6+9)	**(246.145.984)**	**246.145.984**	-	-

Interest rate sensitivity

Interest Position Table			
		Current Period	**Prior Period**
Financial instruments with fixed interest rate			
Financial Assets	Fair value through profit or loss assets	-	-
	Available for sale assets	-	-
Financial Liabilities		5.055.079.532	2.636.291.378
Financial instruments with floating interest rate			
Financial Assets		-	-
Financial Liabilities		874.882.511	526.602.302

If annual interest rate on bank loans received as of 31 December 2020 was higher/lower by 100 basis point (1%) with all other variables remain constant, the profit before tax and non-controlling interest would be lower/higher by TL 23.165.183.

The Group's financial liabilities expose the Group to interest rate risk. The Group's financial liabilities mainly consist of borrowings with floating rate. The Group attempts to acquire loans with lower interest rate to minimize interest rate risk.

Liquidity Risk

Liquidity risk is the probability of the Group defaulting on its liabilities. Occurrence of events like deteriorations in markets or decrease in credit score that causes decreases in fund resources bring about liquidity risk. The Group management manages liquidity risk by distributing the funds and by keeping sufficient cash and cash equivalents resources to cover the current and possible liabilities.

Funding risk of the current and future liabilities is managed by providing sustainability of the access to sufficient high-quality creditors and the sustainability of the sufficient cash flows obtained from operating activities. In order to ensure continuous liquidity the Group management, closely follows up the timely collection of receivables, allocates high intensity focus to prevent any financial burden sourcing from late collections and determines cash and non-cash credit limits to be activated in case of need by the Group. Besides, Group's liquidity management policy consists to prepare cash flow projections, follow up and evaluate actual liquidity rates by comparing to budgeted ratios.

The Group's liquidity risk table is as follows.

Current period **Contractual maturities**	**Carrying Amount**	**Total contractual cash outflows (=I+II+III+IV)**	**Less than 3 months (I)**	**Between 3 – 12 months (II)**	**Between 1- 5 Year (III)**	**More than 5 Years (IV)**
Non-derivative Financial Liabilities						
Bank borrowings	5.884.067.448	5.992.357.846	1.437.766.026	4.044.914.106	509.677.714	-
Right of use obligation	45.894.595	70.064.325	1.691.704	7.916.313	25.613.276	34.843.032
Trade payables	136.581.903	137.691.993	137.691.993	-	-	-
Other payables *	1.783.571	1.783.571	1.783.571	-	-	-
Other current liabilities *	132.802.450	132.802.450	132.802.450	-	-	-

Prior period **Contractual maturities**	**Carrying Amount**	**Total contractual cash outflows (=I+II+III+IV)**	**Less than 3 months (I)**	**Between 3 – 12 months (II)**	**Between 1- 5 Year (III)**	**More than 5 Years (IV)**
Non-derivative Financial Liabilities						
Bank borrowings	3.144.917.652	3.223.965.242	979.440.424	1.521.722.788	722.802.030	-
Right of use obligation	17.976.028	37.996.901	618.208	2.946.412	8.509.941	25.922.340
Trade payables	100.378.288	100.772.226	100.772.226	-	-	-
Other payables *	1.574.443	1.574.443	1.574.443	-	-	-
Other current liabilities *	93.963.930	93.963.930	64.722.483	29.241.447	-	-

Capital risk management

In capital management, the Group aims to enhance profitability while keeping a reasonable leverage and sustainability in its operations.

The Group monitors its capital with debt / total capital ratio. This ratio is defined as net debt divided by total capital. Net debt is calculated by deducting cash and cash equivalents from total debt, which includes bank borrowings and financial leases. Total equity is calculated by summing the total equity and net debt as pointed out in the consolidated statement of financial position.

The net debt / total equity ratio is as follows.

	31 December 2021	**31 December 2020**
Total debt	5.929.962.043	3.162.893.680
Less: Cash and cash equivalents	2.038.466.872	255.835.616
Net debt	3.891.495.171	2.907.058.064
Total shareholders' equity	800.468.111	442.217.219
Total equity	4.691.963.282	3.349.275.283
Net debt/Total equity ratio	% 83	% 87

32. FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES)

"TFRS 7 – Financial Instruments: Disclosure" requires the Companies to disclose the classification and hierarchy of the data used in determining the fair values of the financial assets. The basis for the hierarchy is dependent on the conformity of the data used in fair value calculation. The independency of the source of the data, the assumptions used in calculation of the fair value effects the level of hierarchy.
In the following table, the valuation methodologies of financial instruments made valuation with their fair values are presented. They are described in terms of their levels as follows.

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3: inputs for the asset or liability that are not based on observable market (unobservable inputs).

31 December 2021

Financial assets	**Level 1**	**Level 2**	**Level 3**
Forward contracts	-	-	-
	-	**-**	**-**

31 December 2020

Financial assets	**Level 1**	**Level 2**	**Level 3**
Forward contracts	-	1.199.454	-
	-	**1.199.454**	**-**

33. SUBSEQUENT EVENTS

None.

34. DISCLOSURES RELATED TO STATEMENT OF CASH FLOW

As of at 31 December 2021, the Group's cash flow obtained from operating activities amounted to TL 445.020.009 TL (31 December 2020: 519.099.942). Cash used in investing activities amounted to TL 297.086.135 TL (31 December 2020: 147.265.967 TL). Cash obtained/used in financing activities amounted to TL 1.634.697.382 TL (31 December 2020: 457.577.065)

Reconciliation of cash flows from financing activities with movements of financial liabilities:

		Cash movements		Non cash movements		
	31.December 2020	Inflows	Outflows	Foreign exchange	Other	31.December 2021
Borrowings	3.162.893.680	3.321.241.223	(2.903.538.297)	2.128.847.280	220.518.157	5.929.962.043

35. DISCLOSURES RELATED TO STATEMENT OF CHANGES IN EQUITY

The Group's total equity amounted to TL 800.468.111 (31 December 2020: TL 442.217.219), which is the sum of TL 778.281.755 TL (31 December 2020: 409.106.429 TL) and 22.186.356 TL (31 December 2020: 33.110.790 TL) stands for equity attributable to owners of the company and non-controlling interests respectively.

36. DISCLOSURES RELATED TO OTHER MATTERS

As at December 31, 2021, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, certain reclassifications and also for certain disclosures requirement of the POA. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.