

PRODUCTS TO TRANSFORM TODAY INTO FUTURE



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ANNUAL REPORT 2021

Agenda of the Ordinary General Assembly Meeting

The Ordinary General Assembly Meeting will be held at the Company's head office at 2.30 PM on 15.04.2022. (Emek Mah. Aşıroğlu Cad. No: 147, 41700 Darıca/Kocaeli)

1. Opening and establishing the Chairmanship of the Meeting,
2. Giving authorisation to the Chair of the Meeting to sign the minutes of meeting for the General Assembly and the list of attendants,
3. Reading and discussing the annual report of the Company prepared by the Board of Directors for 2021,
4. Reading the Independent Audit Report for the fiscal period of 2021,
5. Reading, discussing and approval of the Consolidated Financial statements for 2021,
6. Acquittal of Board of Directors Members for the 2021 activities of our Company,
7. Discussing and deciding on how to use the 2021 profit, profit to be distributed and rates of dividend shares as well as the distribution date,
8. Providing information to the shareholders on the bonds, securities and mortgages given by the Company in favour of the 3rd parties,
9. Discussing and deciding on the enclosed amendment to our Articles of Association for the article 8 titled "Board of Directors" regarding revising the number of Board Members (see page 82)
10. Providing information to the shareholders about donations and grants provided by our Company in 2021 for social relief as per the regulations of Capital Markets Board and defining an upper limit for the donations and grants to be provided in 2022,
11. Providing information to the shareholders concerning the principles of remuneration for the Members of the Board and the Senior Executives in accordance with the Capital Markets Board regulations
12. As per the provisions of Capital Markets Code and Turkish Commercial Code, approval of Güreli Yeminli Mali Müşavirlik ve Bağımsız Denetim Hizmetleri A.Ş. which has been elected to conduct independent audit of our Company for a period of one year by the Board of Directors;
13. Electing Independent Members of the Board as per the regulations of Capital Markets Board and determining their terms of office
14. Determining monthly gross salaries and attendance fees for Members of the Board of Directors,
15. Giving authorisation to the Members of the Board of Directors to carry out transactions in accordance with articles 395 and 396 of the Turkish Commercial Code and the Capital Market Board regulations,
16. Wishes and closing.

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As a global company in the electrolytic copper industry, each year, we increase our performance in all our operational processes with the respect and responsibility towards the environment and our society.

THE SARKUYSAN IDENTITY

Company Name: Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş. Founded on: 03.05.1972

Upper Limit of the Registered Capital: 600.000.000,-TL

Issued Capital: 300.000.000,-TL

Commercial Registry No.: 13898

Mersis No: 0751001576100014

Commercially Registered to: Gebze Sicil Memurluğu

Address: Emek Mah. Aşıroğlu Cad. No: 147 41700 Darıca/Kocaeli

Telephone: (0 262) 676 66 00 (20 lines)

Faks: (0 262) 676 66 80

E-Mail: info@sarkuysan.com

Website: www.sarkuysan.com

Our Mission

To maintain our prestigious position in Turkey and worldwide, provide benefit to our country, partners, employees and customers and create social value through the social responsibility projects accomplished with the responsibility of serving as a model and being a public, aggregate, professionally-managed and successful corporation in Turkey.

Our Vision

To achieve customer satisfaction-oriented, environmentally-friendly, high-quality, competitive and innovative production as a global company in the electrolytic copper industry.

History

A global company with its know-how and service quality...



CİHAN BEKTAŞ
(1928-2002)

Sarkuysan has a significant place in the country's industrialisation history as it is the first successful publicly traded and aggregate company. The Company, which produces electrolytic copper products, copper tubes and copper busbars over an area exceeding 175,000 m² in the Gebze and Darıca region, with an indoor area of approximately 90,000 m², increased its initial capacity of 10,000 tonnes/year to over 200,000 tonnes/year and became a global company. The products are used as standard inputs in electro-technic, electronics, engine, communication, power generation and distribution, solar power, household appliances, measuring devices, defence, automotive, chemical, construction, heating-ventilation and sanitary installation industries. Sarkuysan is certified with TS EN ISO 9001, ISO/TS 16949 Quality, ISO 14001 Environment, OHSAS 18001 Health and Safety, and ISO 50001 Energy Management systems for all the operations carried out. Using the "sks" brand on its products, Sarkuysan meets a substantial part of the domestic demand while exporting approximately half of its production range to more than 70 countries in 5 continents. Today, a significant number of the cars and commercial vehicles produced in Europe use Sarkuysan wires. The Company has been providing oxygen-free and nickel-plated copper wires to the suppliers of NASA in the USA for years as well as the aircraft manufacturers lately.

Sarkuysan manufactures a significant portion of its own machinery and plants used during the manufacturing process. Moreover, generating a considerable

portion of the power and steam requirement of the Company vital for the production consistency at the co-generation plant within its premises, the Company also offers its 50 years of experience and know-how to other countries.

Sarkuysan is a group of companies.

Sar Makina A.Ş., operating in machinery and spare parts manufacturing and environmental protection technologies field; Demisaş A.Ş., producing pig and nodular cast iron for automotive and machinery manufacturing sectors; Sarda A.Ş., a marketing and trade company; and Bektaş A.Ş. are the sister companies in the group. Sarkuysan has an agency in Italy where is an important country for direct marketing purposes of the products as part of the Company's busy export operations. In addition, Sarkuysan has become a pioneering Turkish industrial organisation in the USA with Sark-Wire, a subsidiary which began production in Albany, New York as from the end of 2009, and the completion of the two manufacturing plants constructed in Toccoa, Georgia; and in Bulgaria with Sark Bulgaria factory, which was established in Shumen on 10.06.2016 and put into operation for production in 2019. Furthermore, Sarkuysan facilities located at the Aegean Free Trade Zone manufacture and export products with high added value.

Having approximately 1,129 employees in total, approximately 90% of the personnel of the group of companies working in the production units have either vocational school or high school

265,000
m²



TOTAL PRODUCTION AREA OF
SARKUYSAN



degrees, and they are provided in-house and outsourced training programs every year.

Being aware of its social responsibilities, Sarkuysan continuously develops social projects at all fields. Accordingly;

Frej Han, which was renovated and used as the Company Headquarters for several years, is an important contribution to our cultural legacy. The Company contributes to education by building the Sarkuysan High School in Gebze and the Sarkuysan Elementary School in Darica and by granting non-refundable scholarships to higher education students. Sarkuysan also supports State Religious Affairs with the Sarkuysan Mosque inspired by and constructed as an Ottoman Architectural complex. Contributing to the health sector by allocating the funds reserved at the beginning of the year for the urgent medical device requirements of a healthcare institution, the Company also supports sports with its Table

Tennis Team that frequently represents Turkey successfully in the European Cup Championship. Contributing to arts with its Turkish Music Choir, Folk and Modern Dance Groups composed of its employees, the Company pays utmost attention to the environment by developing forestation areas. And the last but not the least is that Sarkuysan promotes our country by hosting international events. At a corporation, with approximately 14,000 shareholders, Sarkuysan supplies materials to numerous sectors in the domestic and international markets under the “sks” trademark for the production of many modern industrial products; facilitates and colours life and creates substantial added value with significant employment opportunities; brings foreign currencies to the country, pays taxes and distributes profits. Sarkuysan is a dynamic, global, publicly-held corporation with modern means of production and corporate organisation governed by professionals.

THE COMPANY PRODUCES ELECTROLYTIC COPPER PRODUCTS, COPPER TUBE AND COPPER BUSBARS OVER AN AREA EXCEEDING 175,000 M² IN THE GEBZE AND DARICA REGION, WITH AN INDOOR AREA OF APPROXIMATELY 90,000 M².

Chairman's Message

Our equities raised to 1,441,229,757 TL, increasing by 71.89%

DESPITE ALL THE CHALLENGES IN 2021, OUR EXPORTATION REACHED US\$837 MILLION, BY A YEAR-ON-YEAR INCREASE OF 60%.

Welcome to our Annual Ordinary General Assembly. I salute you all with respect and love, and thank you for coming.

I want to start my speech by summarising the developments in Turkish and global markets in 2021 and explaining our predictions for 2022.

The most significant development achieved in the past year was that the monetary expansion policies implemented by central banks and governments accelerated the positive course of events created by the rapid healing of the wounds caused by the Covid-19 epidemic thanks to the swift vaccination campaigns. Thus, the global economy is estimated to have grown within the range of 5.5-6% as a result of the rapid increase in the demand as the consumers began to spend money on their delayed requirements. In terms of the developed countries, 5% growth was achieved with the USA and the UK taking the lead, while developing countries are expected to grow around 6.5% with the contribution of India and China. However, this apparently positive overall outlook also includes some significant contradictions. That is to say, under-developed countries which could not get access to vaccines remained way below of these averages. Moreover, the quarantine obligation disrupted the global supply chain by creating interruptions in production and distribution. The emerging supply-demand imbalance created a sharp rise in the prices of goods. Together with the increase in energy and food prices, inflation has started to climb rapidly

on a global scale. Since inflation was originating from demand, central banks of around 50 countries, particularly the USA, decided on interest rate hikes several times in 2022. Another imbalance in growth was observed considering the industries. Demand increase was very weak in tourism and service sectors.

Our country experienced an annual growth rate of 11% thanks to the strong increase in the domestic demand and the strong position of our country in exportation. This rate represents a growth of more than 6 times compared to 2020, which was clouded by the pandemic and the growth achieved was only 1.8%. Turkey hit the top among G-20/OECD and EU member countries with this rate. As of September, a new economic model was put into effect which was constructed around low interest rate-high exportation formula with the purposes of increasing exportation with the competitive power of TL's depreciation, decreasing importation and enabling exchange rate balance automatically by closing up the current deficit. However, importation gained even more momentum due to the composition of our exportation containing mostly products with low added value and our heavy foreign-source dependency in raw materials and intermediate goods. As a result, our annual exportation increased from US\$225 billion to US\$291 billion, by a year-on-year increase of 32.8%, and our importation increased from US\$271 billion to US\$424 billion, by an increase of 23.6% This impressive performance



Chairman's Message

Over 50 years of know-how and experience...

WE WERE AWARDED THE FIRST PRIZE IN CATEGORIES OF "COPPER WIRE AND WEAVED ROPES" AND "COPPER GOODS GROUPS" IN THE CONSIDERATION OF "METALLIC STARS OF EXPORTATION" AND "LEADERS OF SECTORAL EXPORTATION" BY "IRON AND NON-FERROUS METALS EXPORTERS' ASSOCIATION".

in real sector was unfortunately not kept up in financial figures and inflation levels. Interest rate cuts started with this constructed economy policy provided more momentum in TL's depreciation and rise in inflation, and annual consumer inflation spiked to 36.8% and producer inflation spiked to 79.89%.

With the currency-protected TL incentive implementation entering into effect in the last days of 2021 as a measure against this course of events, the rising trend in exchange rates was stopped and even some withdrawal was accomplished. In 2021, USD gained 80% value against TL and interest rates in bond markets raised up to 24% levels despite reduction of policy interest rate down to 14%.

Our Company swiftly developed the necessary policies with precision in 2021 by closely following the developments in global economy and interpreting these developments with the correct foresight. Thus, significant increases were experienced in our foreign market share and number of customers. Capacity utilisations of our production facilities in the USA and Bulgaria were increased as well. The results of our swift and accurate decision-making and taking adequate measures in line with the developments in the financial markets reflected positively on our financial statement.

Sarkuysan and the sister companies closed the 2021 financial year with their increased domestic and foreign market shares, achieved capacity and production scales, high quality and the global brand value in their sectors.

Exportation, inflation and seeking stability in TL will be important factors in the formation of the economic character of the present year in our country. There can be some concerning impacts on our economy due to the adverse developments in Russia-Ukraine war and new decisions and formations in the world politics triggered by these developments. We see great benefit in constructing these decisions in a consensus on an economic platform with the participation of all actors.

As such, it seems that 2022 will be a difficult year in terms of real and potential risks in our country. We consider the increasing prices in raw materials and energy along with the challenges to be experienced in supply of these materials, instability in exchange rates and climb in inflation as the significant risks of the year. Moreover, the global economic growth is expected to occur around 4.4%, shrinking compared to the previous year. As far as Turkey is concerned, this estimation was declared to be 2% after being revised downwards by the World Bank.

Now, I would like to talk briefly about our social activities.

We were awarded the first prize in the categories of "Copper Wire and Weaved Ropes" and "Coper Goods Groups" in the consideration of "Metallic Stars of Exportation" and "Leaders of Sectoral Exportation" given by "Iron and Non-ferrous Metals Exporters' Association", as we were in the previous years, and the performance prize in the 14th

763
million TL 

SARKUYSAN 2021 CONSOLIDATED GROSS PROFIT

Sectoral Performance Awards organised by Kocaeli Chamber of Industry for the organisations located in the Marmara Region. On August 31, 2021, our group signed a 2-year collective labour contract without disturbing the labour peace.

We continued to create social values in education, healthcare, arts and sports with the awareness of social responsibility. Accordingly, we lent our helping hand abroad and sponsored a mill to be built in a underprivileged village in Gambia, one of the disadvantaged countries in Africa. During the previous years, we once again financed the construction works for a mill and drilling works of a drinking water well.

So far, 665 students have started their careers with the scholarships we have granted to the children of our employees for their higher education, to the students who graduated from Sarkuysan High School with honours and to successful but under-privileged students from the fund created with the voluntary contributions of our employees. We still have 196 students benefiting from our grants. We sustained our 28-year of tradition this year, as well, and transferred our New Year's promotions budget to healthcare industry. Thus, we provided financial support to the study carried out by Gebze District Governorate and Gebze Technical University partnership regarding mucilage, which threatens our seas and has the potential to cause significant health problems. Furthermore, we purchased the patient and emergency

gurneys required by Gebze Fatih State Hospital and Darıca Farabi Teaching and Research Hospital together with our sister company, Sar Makina A.Ş. Our Men's Table Tennis Team competing in the professional league continues to get successful results with its humble members. The public concerts of our "Turkish Music Choir" and "Folk Music Society" were cancelled due to the pandemic.

As a result, our Company achieved a consolidated gross profit of 762,927,316 TL from its 2021 activities according to the official bookkeeping entries.

Dear partners, our company reached its 50th anniversary this year. Considering that large companies around the world have an average life expectancy of approximately 35 years, it is very meaningful and strong to feel the pride and bliss we feel for being a constantly and steadily growing and developing company. Our history of 50 years is filled with achievements that set examples for our country. At every step we take, we put forth our love for our country and our love, respect and sense of responsibility towards our employees, partners, customers, suppliers and people. We are the Sarkuysan Family with 7 companies under our roof in Turkey and abroad. What creates our success is the strong ties of love in our family which comes together for the same ideals and objectives. I am glad that I found the opportunity to share with you the strong and beautiful feelings I experienced as a professional executive who has taken various responsibilities at

high levels for almost all of the 50 years of development. I strongly believe that SARKUYSAN will live to see many more 50 years, riding high in our country and abroad, thanks to the superior values we have adopted, such as integrity, hard work and creativity, since our establishment. Our biggest motivation is to feel the trust and support of our partners in the successes we have achieved in all our operations. Be sure that our flag will always fly thanks to the power we get from you. We are grateful for that.

As I conclude my words, I wish that our General Assembly to have the best outcome for our company and our country.

I would like to thank our employees at all levels, particularly the members of our Board, for their diligent and successful efforts throughout the financial year. May this be a healthy and happy new financial term for all our organisations and employees. I would also like to remember all the members of our family who passed away with respect. May God rest their souls.



HAYRETTİN ÇAYCI

Chairman of the Board

Board of Directors

AUTHORISATIONS

MEMBERS OF THE BOARD

Members of the Board were determined pursuant to the Turkish Commercial Code, the Capital Market Board Regulations and the Company's Articles of Association.

INDEPENDENT MEMBERS OF THE BOARD

Independent Members of the Board were determined pursuant to the Capital Market Board Regulations and the Company's Articles of Association.

TERMS OF DUTY

In accordance with the decision taken in the Ordinary General Assembly meeting dated 29.06.2020, the term of duty for the members of the Board is 3 (three) years and in accordance with the decision taken in the Ordinary General Assembly meeting dated 09.04.2021, the term of duty for the Independent Members of the Board is 1 (one) year.



HAYRETTİN ÇAYCI

Chairman
29.06.2020



HAMİT MÜCELLİT

Vice Chairman
29.06.2020



MAKSUT URUN

Member of Board
29.06.2020

**A. HAMDİ BEKTAŞ**

Member of Board
29.06.2020

**NURTEKİN KEÇECİ**

Member of Board
29.06.2020

**TURGAY ŞOHOĞLU**

Member of Board
29.06.2020

**CENAP TAŞKIN**

Member of Board
29.06.2020

**F. BURCU CESUR**

Member of Board
29.06.2020

**BEKİR MENETLİOĞLU**

Member of Board
29.06.2020

**AYHAN ZEYTİNOĞLU**

Independent Member of Board
09.04.2021

**VİRMA SÖKMEN**

Independent Member of Board
09.04.2021

**MEHMET BAHTİYAR**

Independent Member of Board
09.04.2021

Senior Management



METİN YARAŞ

Deputy Managing Director
(Commercial)

TOLGA EDİZ

Deputy Managing Director
(Technical)

SEVGÜR ARSLANPAY

Managing Director

ÜMİT ULUÇAM

Deputy Managing Director
(Financial)

Name and Surname	Position
Mehmet Ali AKOY	R&D Manager-Metallurgical Engineer, MSc.
Sabri ATILLA	Administrative Affairs Manager-Administrator (Trainer)
Canan ÇAKIROĞLU	Quality Assurance Manager-Physics Engineer, MSc.
Çağatay ÇAPAL	Enamelled Wire Production Manager-Electronics Engineer
Şefiye DURMAZ YAYLA	Commercial Accounting Manager-Business Administrator (CAFA)
Mehmet Uğur ILGAZ	End Products Manager-Metallurgical Engineer, MSc.
Faruk Şekip KARŞANBAŞ	Industrial Automation and Maintenance Manager-Electronic Engineer, MSc.
Meryem KAYA	Export Operations Manager-Business Administrator
Levent Ş. KULAÇ	Procurement Manager-Metallurgical Engineer
Serkan ÖZGEN	Domestic Sales Manager-Business Administrator
S. Sinan SELVİ	Director of the Continuous Casting-Metallurgical Engineer, MSc
Yaşar SÖNMEZ	Constructions Manager-Civil Engineer
Mete TARHAN	Tube Plant Manager-Mechanical Engineer
Filiz TEKİN SALMANLI	IT Systems Manager-Industrial Engineer
Deniz TURAN	Human Resources Manager-Educational Sciences ⁽¹⁾
Ferhan TURNAGİL	Cost Accounting Manager-Business Administrator (CAFA)
Ercan USER	Domestic Marketing Manager-Marketing Expert
İ. Deniz UZGAN	Financing and Risk Management Manager-Economist
M. Mahir YILDIZ	International Marketing Manager-Foreign Trade Expert (Mathematician)
Selim YÜRÜR	Internal Auditing Manager-Business Administrator ⁽²⁾

(1) Mr. Deniz TURAN, Human Resources Manager, resigned from his position in our Company on 10.01.2022. Mr. Emin YÜKSEL took office as Human Resources Manager on 24.01.2022. (2) Mr. Selim YÜRÜR, Internal Auditing Manager, resigned from his position in our Company on 17.02.2022.



WE ARE MORE THAN HAPPY TO COMPLETE THE 2021 FINANCIAL YEAR WITH AN INCREASING TREND OF SUCCESS RATE. WE HAVE NEW GOALS TO ACHIEVE IN 2022, WHEN WE REACH OUR 50TH ANNIVERSARY. WE ARE READY TO EMBRACE THE NEXT 50 YEARS WITH OUR STRONG FAMILY VALUES, EXPERIENCED HUMAN RESOURCES, AND OUR CORPORATE GOVERNANCE APPROACH.

SEVGÜR ARSLANPAY
Managing Director

Capital Structure

A global company in electrolytic copper industry...

WITH THE RESOLUTION OF THE BOARD OF DIRECTORS DATED 28.01.2021, THE REGISTERED CAPITAL OF OUR COMPANY WAS INCREASED BY 100% FROM TL 300,000,000.- TO TL 600,000,000.-.

Whilst the closing price of our stocks on Borsa Istanbul was listed 8.70 TL on 31.12.2020, as of 31.12.2021, the price was 19.80 TL by an increase of 127.58%.

With the resolution of the Board of Directors dated 28.01.2021, and approval of the Capital Markets Board dated 17.02.2021 and numbered E-29833736-110.04.04-1947, the registered capital of our Company was increased by 100% from TL 300,000,000.- to TL 600,000,000.-.

100% of our capital is open to the public and the latest status of our capital structure is presented in the given table.

As of 31.12.2021, Mr. Hayrettin ÇAYCI, Mr. A. Hamdi BEKTAŞ, and Mr. Maksut URUN, Members of the Board, have 9.51%, 2.98%, and 2.28% of the capital share, respectively. The shares of other Members of the Board are less than the aforementioned shares. Mr. Şükrü KILIMCI and Mr. Ibrahim KILIMCI hold the highest number of shares of the company with 7.50% and 5% of our capital, respectively. The percent of shares of the company in actual circulation was 82.03% on 31.12.2020 and 83.16% on 31.12.2021.

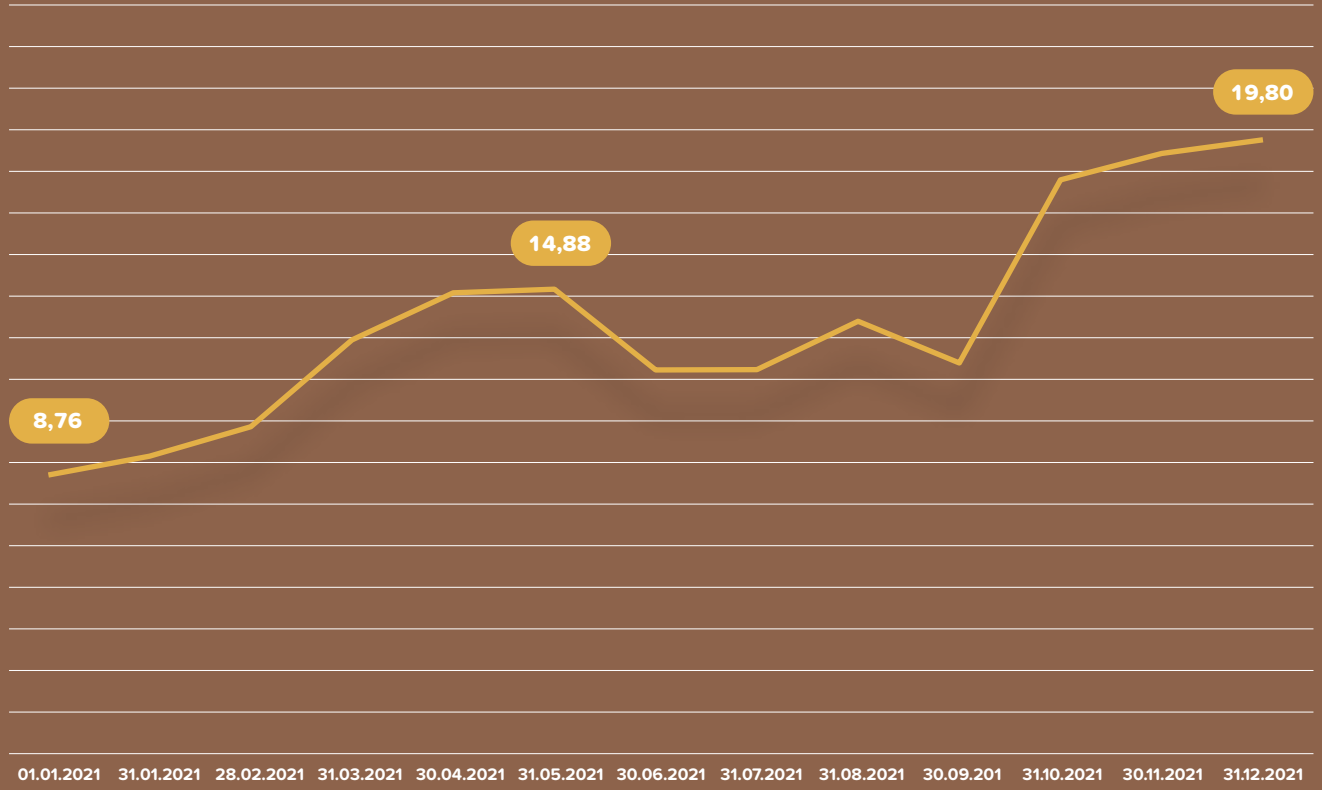
83.16%



THE RATE OF SARKUYSAN SHARES IN THE ACTUAL CIRCULATION IN 2021



PRICE MOVEMENTS OF SARKUYSAN STOCKS IN THE MARKET IN 2021 (TL)



SHARES REPRESENTING CAPITAL

Type of Share Certificate	Paid-in Capital (TL)	Number of Shares	The Portion of Shares in the Capital (%)
Group A Registered Shares	15.00	1,500	0.000005
Group B Registered Shares	299,999,985.00	29,999,998,500	99.999995
Total	300,000,000.00	30,000,000,000	100.000000

RESULTS OF OUR 5-YEAR ACTIVITIES (thousand TL)

	2017	2018	2019	2020	2021
Registered Capital	300,000	300,000	300,000	300,000	600,000
Issued Capital	200,000	200,000	200,000	300,000	300,000
Total Par Value of Shares	4,268	4,268	4,268	4,268	4,268
Total Par Value of Bonus Shares	195,732	195,732	195,732	295,732	295,732
Capital Increase (%)	60	-	-	50	-
Stock Price (TL) (As of the end of the year)	3.30	3.41	3.18	8.70	19.80
Addition of Fixed Assets Over the Year	36,279	9,842	16,540	8,956	30,500
Total Amount of Dividends Distributed (gross)	16,176	34,000	50,000	18,900	75,000
Total Amount of Dividends Distributed (net)	13,750	28,900	42,500	16,065	63,750
Dividend Rate (gross) (%)	12.94	17	25	9.45	25
Dividend Rate (net) (%)	11	14.45	21.25	8.0325	21.25

General Information



IN 2021, 25.00% GROSS AND 21.25% NET DIVIDENDS WERE DISTRIBUTED FROM THE 2020 PROFITS TO OUR PARTNERS. IN THIS CASE, THE NET 0.21250 TL CASH DIVIDEND WAS PAID TO SHARE CERTIFICATES WITH A NOMINAL VALUE OF 1 TL.

21.25%



NET DIVIDEND RATE DISTRIBUTED FROM 2020 PROFIT OF SARKUYSAN

This report herein covers the period between 01.01.2021 and 31.12.2021. During this period, important developments related with the Company were disclosed at Public Disclosure Platform (PDP) as well as to investors through our website.

The Ordinary General Assembly meeting regarding 2020 activities of the Company was held on 09.04.2021 at the Company Headquarters. In this meeting, shares composing 75.73% of our capital were represented, whereby Members of the Board were released from their duties and all of the agenda items were discussed and resolved.

At the General Assembly meeting, amendment to Article 9 of our Company's Articles of Association, titled "Capital", was approved and our Registered Capital Ceiling was increased to 600,000,000 TL.

As a result of the election held in our General Assembly dated 09.04.2021,

Mr. Ayhan ZEYTINGLU, Mr. Mehmet BAHTİYAR and Ms. Virma SÖKMEN were elected as Independent Members of the Board to serve for 1 (one) year.

Electronic General Assembly meeting provisions stated in article 1527 of Turkish Commercial Code began implementing in 2013 and, besides attendees in the meeting room; the shareholders who fulfilled the required procedures in advance attended the General Assembly Meeting held online on 09.04.2021.

In 2021, 25.00% gross and 21.25% net dividends were distributed from the 2020 profits to our partners. In this case, the net 0.21250 TL cash dividend was paid to share certificates with a nominal value of 1 (one) TL. The dividend was distributed on 05.05.2021. The minutes of meeting for our General Assembly was published on the Public Disclosure Platform and on the website of our Company.

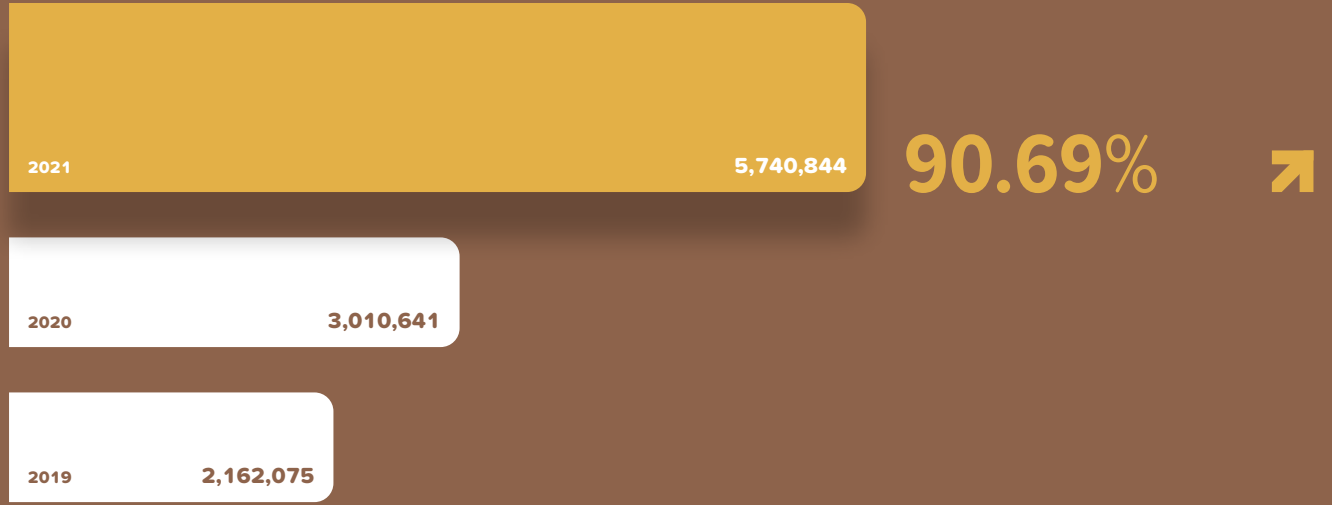
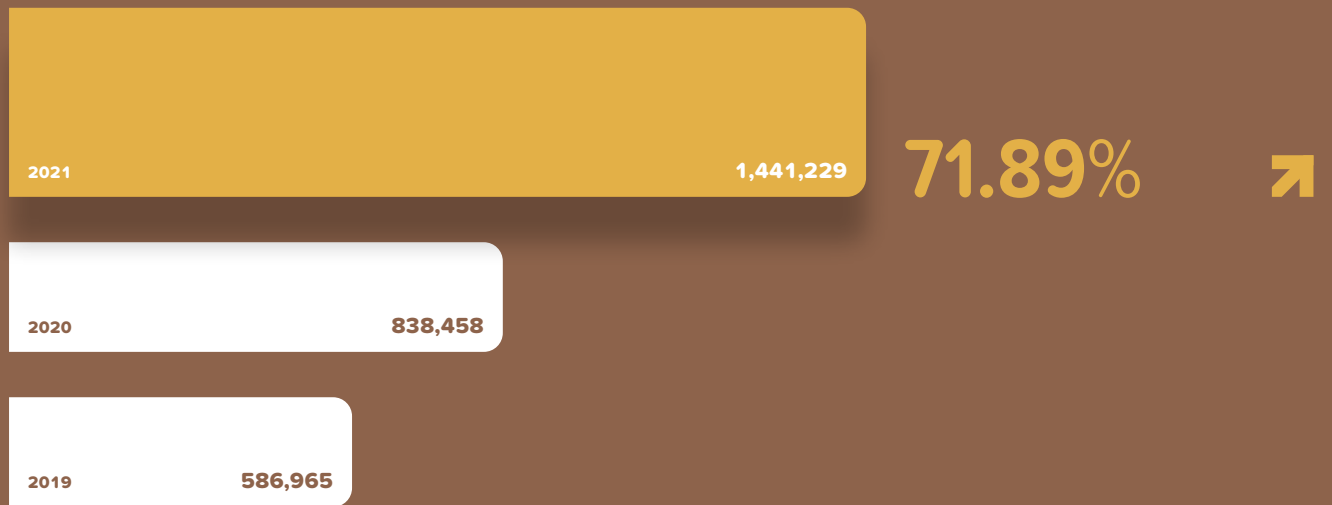
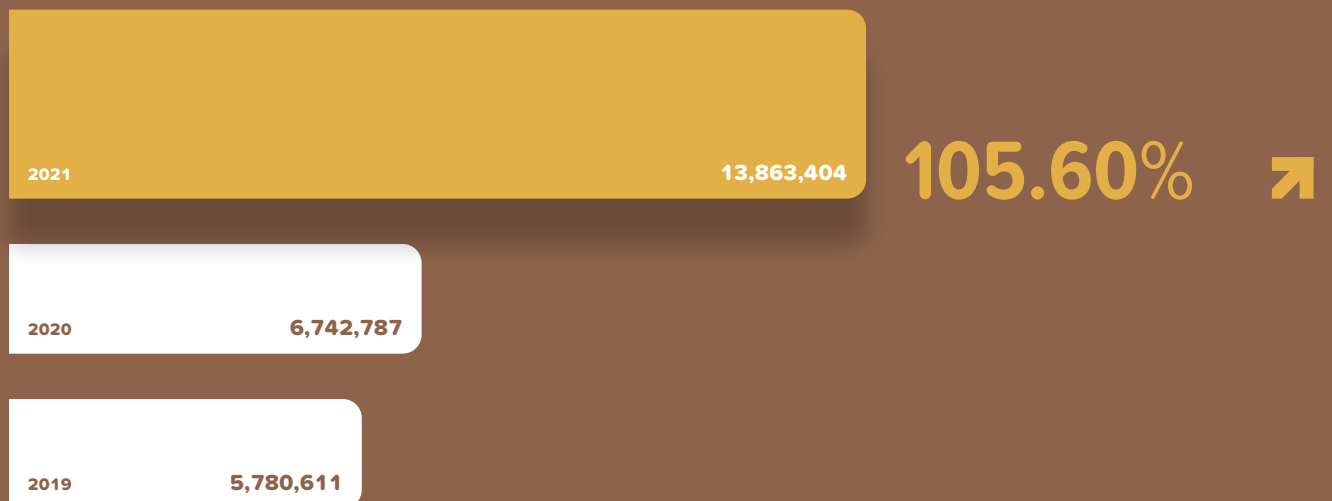


Financial Status

Strong financial and operational outcomes despite the pandemic...

FINANCIAL RATIOS

	2020	2021
LIQUIDITY RATIOS		
Current Ratio (Current Assets/Short Term Liabilities)	1.46	1.44
Acid Test Ratio (Current Assets-Inventory/Short Term Liabilities)	0.95	0.96
EFFICIENCY RATIOS		
Asset Turnover (Net Sales/Total Assets)	2.24	2.41
Account Receivable Turnover (Net Sales/Short-Term Trade Receivables)	5.31	5.14
Inventory Turnover (Cost of Goods Sold/Inventories)	7.23	7.72
Accounts Receivable Collection Period (360/Account Receivables Turnover Rate)(Days)	68	70
Term of Inventory Sales (360/Inventory Turnover)(Days)	50	47
Inventory Collection Period (Days)	118	117
FINANCIAL LEVERAGE RATIOS		
Total Liabilities/Shareholders' Equity	2.59	2.98
Shareholders' Equity/Total Assets	0.28	0.25
Total Liabilities/Total Assets	0.72	0.75
Short-term Liabilities/Total Assets	0.56	0.60
PROFITABILITY RATIOS		
Return on Assets (Income Before Tax/Total Assets)	0.10	0.13
Return on Equity (Income Before Tax/Equity)	0.37	0.53
Operating Profit Margin (Operating Profit/Net Sales)	0.07	0.09
Profit Margin (Income Before Tax/Net Sales)	0.05	0.06

TOTAL ASSETS (thousand TL)**SHAREHOLDERS' EQUITY** (thousand TL)**TOTAL SALES** (net) (thousand TL)

Subsidiaries and Affiliates

Innovative and firm steps taken for excellence...



DEMİSAŞ DÖKÜM EMAYE MAMULLERİ SAN. A.Ş.

The factory of Demisaş A.Ş., which is founded in 1974, is in Bilecik. The casting plants, cupola furnaces and induction furnaces are used for melting and the production takes place in 3 automatic casting lines. There is also a "Machining Workshop" for processing and selling pig and nodular cast iron parts which are produced in the plant. It manufactures compressor parts with hermetic pistons, components for spiral lobe compressors for the white goods sector; brake discs

(nodular cast and grey cast iron), airbrake discs, brake drums, flywheels, exhaust manifolds, pulleys, brake cylinders, various brackets and parts, brake safety parts for automotive sector; pump housings for the water system sector; compressor housings and brake safety parts for the heavy vehicle sector, rail junction parts for the railway sector and scaffolding connectors for the construction sector. Annual production capacity is 80,000 tonnes. As of 31.12.2021, approximately 37% of the production output is exported particularly to the West European countries. Stocks

80,000 tonnes



ANNUAL PRODUCTION CAPACITY OF DEMİSAŞ

of our affiliate are listed on Borsa Istanbul. The registered equity ceiling is TL 80,000,000 and its paid-up capital is TL 52,500,000. Our shareholding in Demisaş is 44.44%.

SAR MAKINA SAN. VE TIC. A.Ş.

Founded in 1991, Sar Makina successfully provides service to domestic and international markets, particularly in; wire drawing, bunching, coil winder and tin plating lines, pay-offs, rewinding machines, spooler, various emulsion systems, band filters, steel reels, reel equipment for wire cable sectors, as well as copper, al flexible and solid busbar and insulated conductors used in electro-mechanic industry (kraft, satin, dennison, mylar, mica, nomex, etc. are used as insulation materials) for the energy sector. Busbar solutions include flexible connection busbar, welded solid busbar, macaron insulated tin/silver coated profiles, pipes and rods as well as tailor-made busbar processed and produced in line with the requirements of the customers. The capital of Sar Makina A.Ş. is 20,000,000 TL in which our Company has a share of 99%.

SARDA DAĞITIM VE TIC. A.Ş.

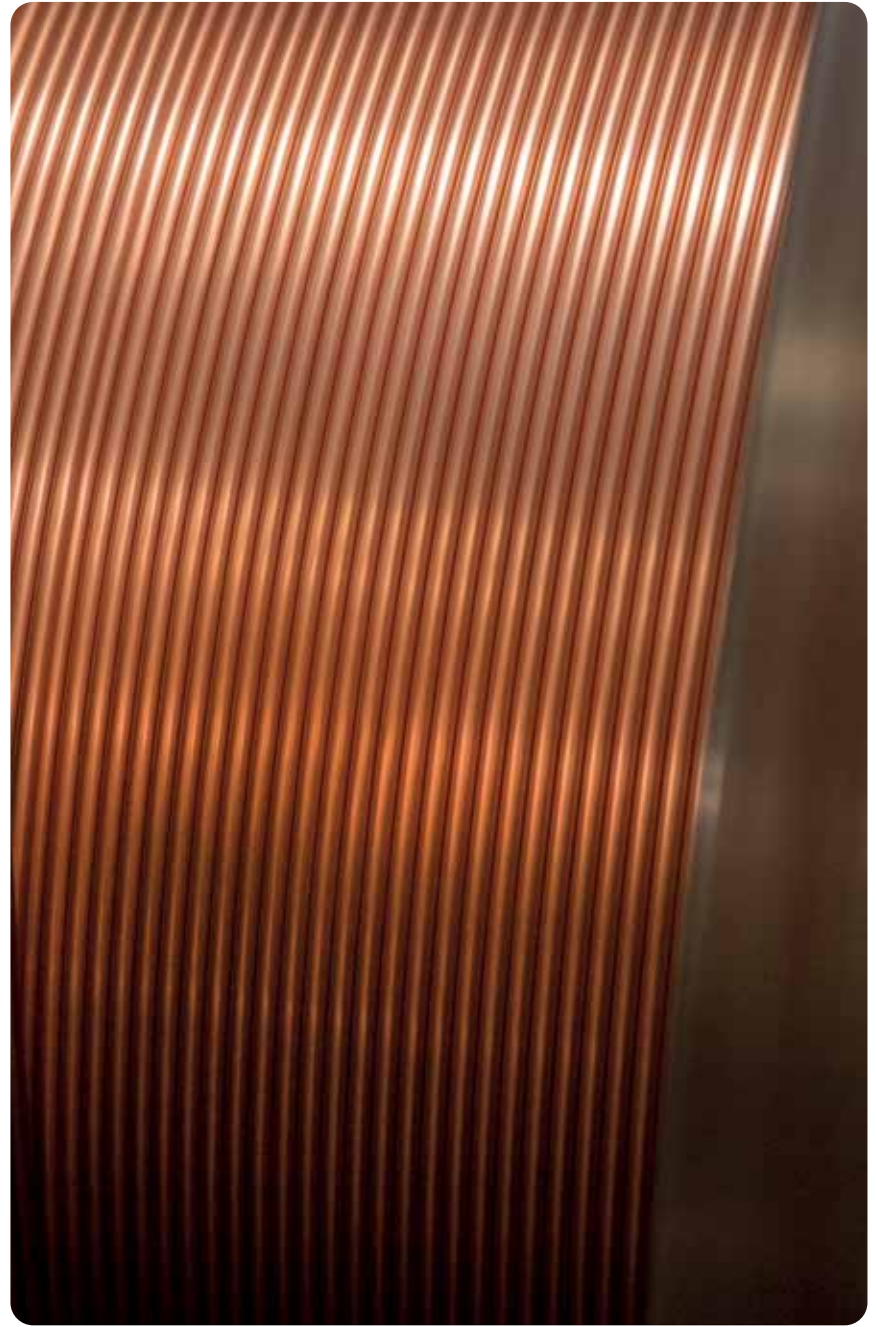
Established in 1979 in Istanbul, Sarda A.Ş. carries out some of promotion and marketing operations for our products. It also imports, exports and distributes the products that are within its field of activity. The capital of Sarda A.Ş. is 15,000,000 TL in which our share is 99.97%.

BEKTAŞ BAKIR EMAYE KABLO SAN. VE TIC. A.Ş.

Our Company and Sarda A.Ş. have shareholdings of 70.71% and 29.13%, respectively, in the Company, which ceased its operations in 2003 with a capital of 5,500,000.- TL.

BEMKA KUPFERLACKDRAHT GMBH

The Company was founded to conduct a portion of the promotion and marketing activities for the products of Turkey's leading enamelled winding wire producers, Bemka A.Ş., which was founded in 2002.



Our Company merged with Bemka A.Ş. as of 22.12.2016. Bemka Kupferlackdraht GMBH with an equity of €500,000 has an affiliated partnership of 99.60% with our Company.

SARK WIRE CORPORATION

Sark Wire Corp., which was established in 2008 and has been operating in Albany, New York, the USA, since 15.12.2009, produces electrolytic copper wire and other electrolytic copper wire products with high added value at its factory equipped with the latest

HAVING AN ANNUAL PRODUCTION CAPACITY OF 80,000 TONNES, DEMISAŞ EXPORTS APPROXIMATELY 37% OF ITS PRODUCTION, PARTICULARLY TO THE WESTERN EUROPEAN COUNTRIES, AS OF 2021.

Subsidiaries and Affiliates



SARKUYSAN ADDS VALUE TO OUR COUNTRY'S ECONOMIC AND SOCIAL LIFE WITH ITS MULTI PARTNER AND PROFESSIONAL MANAGEMENT STRUCTURE, SUBSIDIARIES AND AFFILIATES, APPROXIMATELY 14,000 SHAREHOLDERS AND SOCIAL RESPONSIBILITY PROJECTS.

technology machinery and equipment. An additional factory was established in Georgia to reduce transport costs and deliver products to customers more quickly.

The merger of Sark-Wire that operates in the USA and which we own 60% of its capital and Sark-USA which we own 100% of its capital under Sark-Wire was decided by the boards of directors of the companies. The legal procedures in the USA were completed regarding the merger and the merger was certified on 15.05.2019. Following the merger, Sarkuysan A.Ş. has 73.34% of Sark Wire Corp; while Sar Makina A.Ş. and Bektaş A.Ş. have 14.54% and 12.12% of the company shares, respectively.

SARK BULGARIA AD.

Sark Bulgaria AD. was established on 10.06.2016 in Shumen, Bulgaria, to be able to benefit from the advantages offered by the European Union in exportation and expand the activities of the Company. Our Company has a 90% share and Sar Makina A.Ş. has a 10% share in Sark Bulgaria AD, which has a registered capital of 8,000,000. Investment process of the Company was completed and the production period has been initiated.

SUBSIDIARIES AND AFFILIATES IN YEARS

	2017	2018	2019	2020	2021
DEMİSAŞ DÖKÜM EMAYE MAMULLERİ SANAYİ A.Ş. (thousand TL)					
Paid-in Capital	35,000	52,500	52,500	52,500	52,500
Participation Share	15,554	23,331	23,331	23,331	23,331
Participation Rate (%)	44.44	44.44	44.44	44.44	44.44
BEMKA EMAYE BOBİN TELİ VE KABLO SANAYİ TİCARET A.Ş. (thousand TL) ⁽¹⁾					
Paid-in Capital	-	-	-	-	-
Participation Share	-	-	-	-	-
Participation Rate (%)	-	-	-	-	-
BEKTAŞ BAKIR EMAYE KABLO SANAYİ VE TİC. A.Ş. (thousand TL)					
Paid-in Capital	5,500	5,500	5,500	5,500	5,500
Participation Share	3,889	3,889	3,889	3,889	3,889
Participation Rate (%)	70.71	70.71	70.71	70.71	70.71
SARDA DAĞITIM VE TİC. A.Ş. (thousand TL)					
Paid-in Capital	15,000	15,000	15,000	15,000	15,000
Participation Share	14,996	14,996	14,996	14,996	14,996
Participation Rate (%)	99.97	99.97	99.97	99.97	99.97
SAR MAKİNA SAN. VE TİC. A.Ş. (thousand TL)					
Paid-in Capital	10,000	10,000	10,000	20,000	20,000
Participation Share	9,900	9,900	9,900	19,800	19,800
Participation Rate (%)	99.00	99.00	99.00	99.00	99.00
SARK-USA, INC. (thousand US\$) ⁽²⁾					
Paid-in Capital	100	100	-	-	-
Participation Share	100	100	-	-	-
Participation Rate (%)	100	100	-	-	-
SARK WIRE CORP. (thousand US\$)					
Capital	15,000	15,000	15,575	15,575	15,575
Paid-in Capital	11,250	15,000	15,575	15,575	15,575
Participation Share	6,750	9,000	11,422	11,422	11,422
Participation Rate (%)	60	60	73.34	73.34	73.34
SARK BULGARIA AD. (thousand Leva)					
Capital	6,000	8,000	8,000	8,000	8,000
Paid-in Capital	6,000	8,000	8,000	8,000	8,000
Participation Share	5,400	7,200	7,200	7,200	7,200
Participation Rate (%)	90	90	90	90	90
BEMKA KUPFERLACKDRAHT GMBH (thousand €)					
Paid-in Capital	500	500	500	500	500
Participation Share	498	498	498	498	498
Participation Rate (%)	99.60	99.60	99.60	99.60	99.60

(1) The merger process with Bemka Emaye Bobin Teli ve Kablo Sanayi Ticaret A.Ş. was completed and registered in 22.12.2016 and Bemka Kupferlackdraht GMBH, an affiliated company of Bemka A.Ş. operating in marketing sector in Germany, was included to Sarkuysan's affiliated companies. (2) The legal requirements regarding the merger of Sark-Wire that operates in the USA and which we own 60% of its capital and Sark-USA which we own 100% of its capital under Sark-Wire were completed and the merger was certified on 15.05.2019.

Activities in 2021

Technology investments for customer satisfaction...

SARK BULGARIA AD WAS FOUNDED IN IN 2016 IN ORDER TO EXPAND OUR COMPANY'S OPERATIONS IN THE EUROPEAN UNION AND THE COMPANY BEGAN SERIAL PRODUCTION AROUND MID-2019.

INVESTMENTS

Our Company continued investment activities in the 2021 period. Our investment activities were especially focused on high value-added products taking into account the intense competition in the global sector and the new technological trends. Utmost care was given so that the machineries and plants commissioned during the year possess the latest technologies. Thanks to these investments, the product range was broadened contributing positively to meet customer requirements.

PRODUCTION ACTIVITIES ABROAD

The Sark Wire Corporation, established in New York and Georgia states of the USA, of which 73,34% is owned by our Company, produces in accordance with the requirements of the ISO 9001 Quality Management System Certificate it possesses with high quality products with growing product variety, competitive prices, short delivery terms and a focus on customer satisfaction in the North American market.

90%



SARKUYSAN'S SHARE IN SARK BULGARIA



Sark Bulgaria AD was founded in Shumen, Bulgaria in 2016 in order to expand our Company's operations in the European Union. Serial production of Sark Bulgaria began around mid-2019. Production increases and continues.

INFORMATION ON PRODUCTION

Sarkuysan was founded in Istanbul in 1972 to produce electrolytic copper and products.

The premises of the Company are located on an area of 175,000 sq. metres in Osmangazi, Gebze, which is 45 km from Istanbul. Sarkuysan, which has an annual production capacity over 200,000 tonnes, ensures having environmentally-friendly production processes at its plants which are equipped with modern environmental protection technologies.

Sarkuysan has been adding value to our country's economic and social life since 1972 with its multi partner and professional management structure, subsidiaries and affiliates, approximately 14,000 shareholders and social responsibility projects. In 2021, the Sarkuysan Group reached 201,669 tonnes of goods sales.

PRODUCTION FACILITIES

REFINERY FACILITIES

Anode Casting Workshop

Blister copper is melted in refining furnaces and then automatically cast in moulds at the casting wheel to obtain copper anodes.

Tank House

Anodes placed in electrolysis baths are subjected to electrolytic refining by means of the conventional direct current electrolysis method. After the electrolysis process, copper cathodes of electrolytic purity are obtained.

Continuous Casting Plants

Sarkuysan is the unique organisation in the world which is capable of manufacturing copper wire rod by means of three competitive continuous casting technologies that are operated under the same roof.



Upcast (Outokumpu)

High purity electrolytic copper cathodes are melted down in the protective atmosphere at induction furnaces, transferred to casting furnaces via launders and cast into wire rods with diameters of 8 to -25 mm range by means of the "UPCAST" continuous casting technology. Silver alloyed copper wire rod is also produced in this facility.

Southwire

Electrolytic copper cathodes are melted in the atmosphere-controlled shaft furnace and consecutively transferred into holding furnace and caster via launders. The continuously cast bar through the caster is then hot rolled into ETP copper wire rods with diameters of 8, 11 and 16 mm, followed by pickling

process for surface deoxidation and brightening.

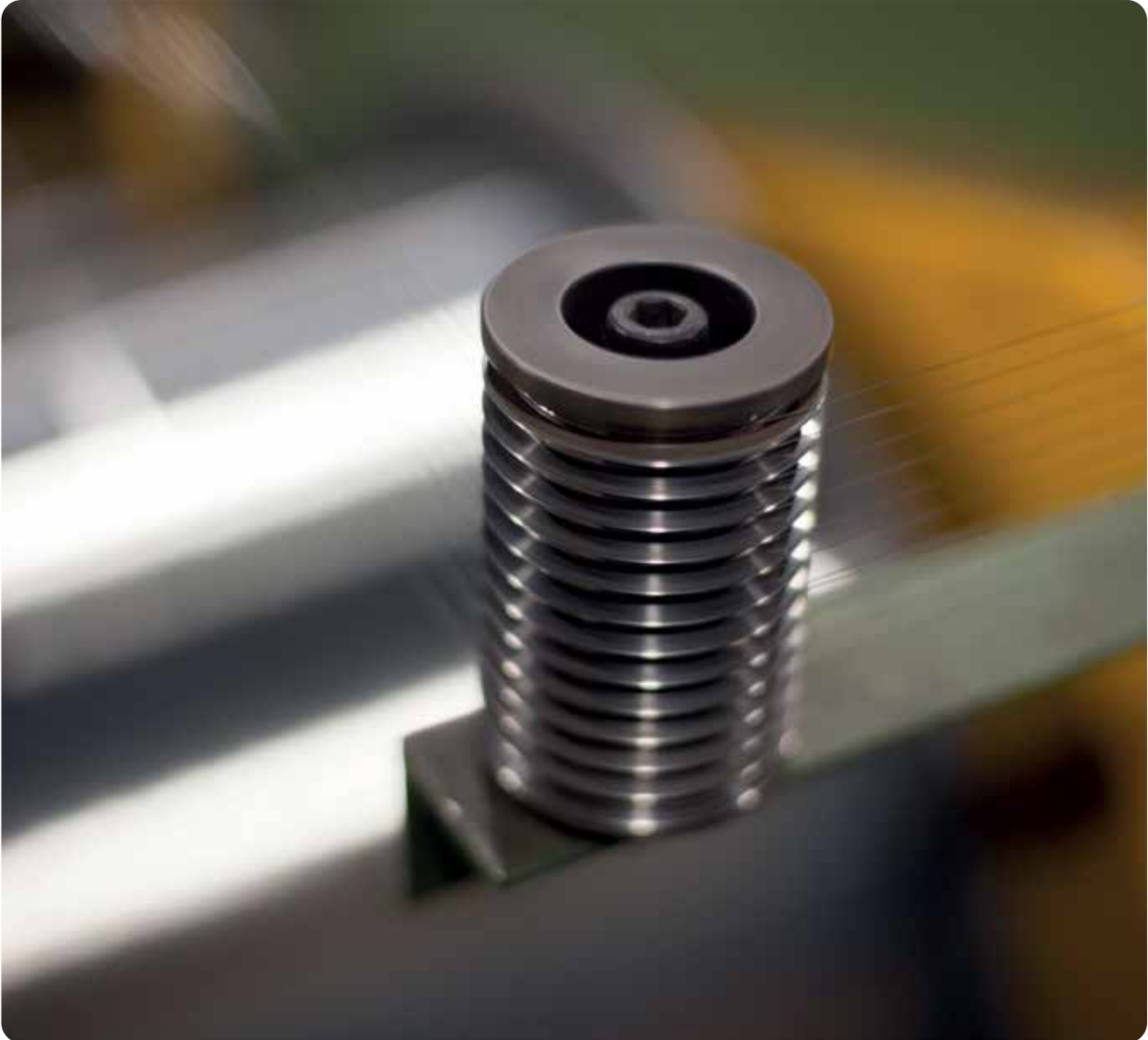
Contirod Contirod/Hazelett

Electrolytic copper cathodes are melted in the atmosphere-controlled shaft furnace and cast into bar form in Continuous Casting Plant. The cast bar is hot rolled into 8 mm wire rod and ETP copper wire rod is produced.

Billet Casting

Electrolytic copper cathodes are melted in the channel type induction furnace and transferred to the holding/casting furnace. The casting takes place automatically and cut into requested lengths at the vertical strand caster. The billets produced in this facility are dispatched to tube, busbar and profile plants for extrusion processes.

Activities in 2021



SARKUYSAN MANUFACTURES CONDUCTORS IN COMPLIANCE WITH THE NATIONAL AND INTERNATIONAL STANDARDS TO BE USED IN TECHNICAL EQUIPMENT FOR FAST COMMUNICATION AND DATA TRANSMISSION IN VARIOUS FIELDS, SUCH AS COMPUTERS AND THE INTERNET.

PRODUCTION

CONDUCTOR PRODUCTION

Providing raw materials for harness cables as a major input for the automotive industry today, our Company manufactures conductors in compliance with national and international standards, which can be used in technical equipment to be used for fast communication and data transmission in various fields including computers and the Internet. Furthermore, general and special purpose conductors used in electronics industry are included in our product range. Moreover, our Company

also undertakes the manufacture of special conductors consumed in every segment of aviation and defence industries. Sarkuysan manufactures high conductivity copper with superior heat and thermal shock resistance, which are used by cable companies that supply to aeronautics and astronautics industries.

Mono Wire Production

8 mm wire rods produced at the continuous casting plants are cold drawn down to 0.05-4.50 mm at different drawing machines with annealing units as per the standards and/or customer requirements.

Bundled Conductor Production

Multi-Wire Bundled Conductors

Multi-wires consisting of up to 24 wires are drawn down to 0.05-1.04 mm on state-of-the-art wire drawing machines.

Bunched Conductors

0.05-300 mm² conductors are manufactured in conformance with international standards on bunching machines

Special Stranded Conductors

0.05-300 mm² conductors are stranded with customised geometry.

Tin/Nickel Plated Wire Production

Copper wires within the diameter range of 0.8-3.00 mm are firstly electroplated with tin or nickel, and then drawn down to required diameters at wire drawing machines.

Flat Wire and Profile Production

Predrawn and shaved rods are fed into specially designed cold drawing/rolling machines. The product is then annealed in compliance with required standards depending on the customer demand. Flat wires and profiles are also produced in annealed form thanks to the state-of-the-art continuous extrusion method.

Flat Wires

Flat wires up to 150 mm² cross-section in 3-30 mm width and 1-12 mm thickness are produced.

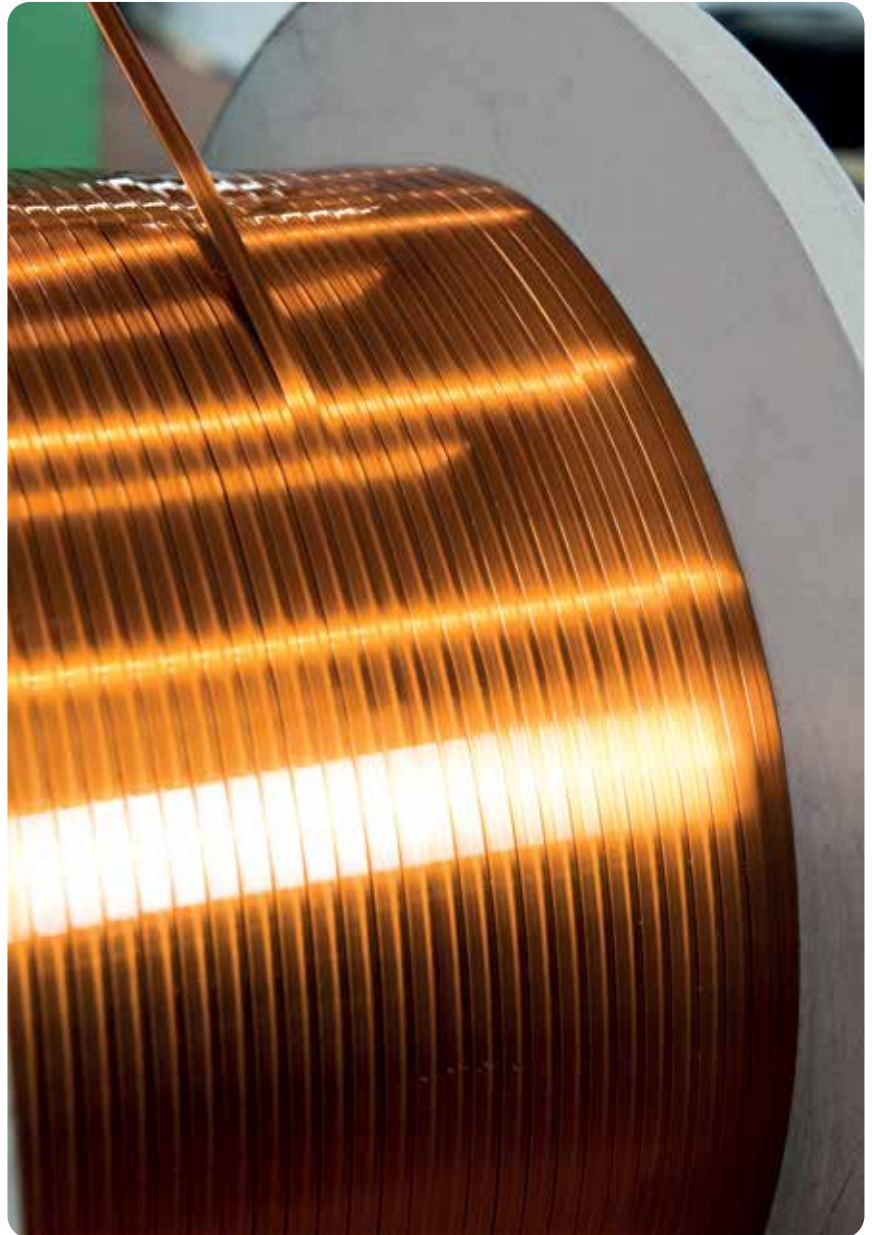
PV Ribbon Wires

PV ribbon wires are produced in bare, tin, nickel or solder plated forms by means of particular rolling and plating units, and then transferred to spools via the rewinding unit according to customer specifications.

- Thickness: 0.08-0.50 mm
- Width: 0.80-6.00 mm
- Lining: Tin-plated, nickel plated or solder plated in desired specifications
- Physical characteristics: Annealed or hard

Contact Wires and Catenary Conductors

Sarkuysan manufactures contact wires with electrolytic copper of 99.99% purity in manufacturing. The Company manufactures contact wires in different



Activities in 2021

Value-added work processes, environmentally-friendly production...

SARKUYSAN, WHICH HAS AN ANNUAL PRODUCTION CAPACITY OVER 200,000 TONNES, ENSURES HAVING ENVIRONMENTALLY-FRIENDLY PRODUCTION PROCESSES AT ITS PLANTS WHICH ARE EQUIPPED WITH MODERN ENVIRONMENTAL PROTECTION TECHNOLOGIES.

dimensions from electrolytic copper, silver, tin and magnesium alloyed copper wire rods by means of drawing, rolling or drawing rolling method. Products are manufactured according to international standards such as ASTM B 47, UIC 870-0 and TS EN 50149 or customer specifications in 107 mm², 120 mm² or 150 mm² cross sections. Silver alloyed copper contact wires provide advantages to high speed and high frequency rail systems thanks to their high conductivity and high softening temperatures. Tin or magnesium alloyed contact wires have high breaking stress and wear strength, and thus are highly preferred in very fast speed rail systems. Magnesium alloy conductors, which have high tensile strength, are ideal to

be used in manufacturing catenary wires that require flexibility and high strength. Catenary wires and feed wires can be produced from CuMg and CuAg alloy or pure copper according to demand.

Profile Bars

Maximum diameter in round bars is 80 mm. In flat profiles, maximum width is 200 mm.

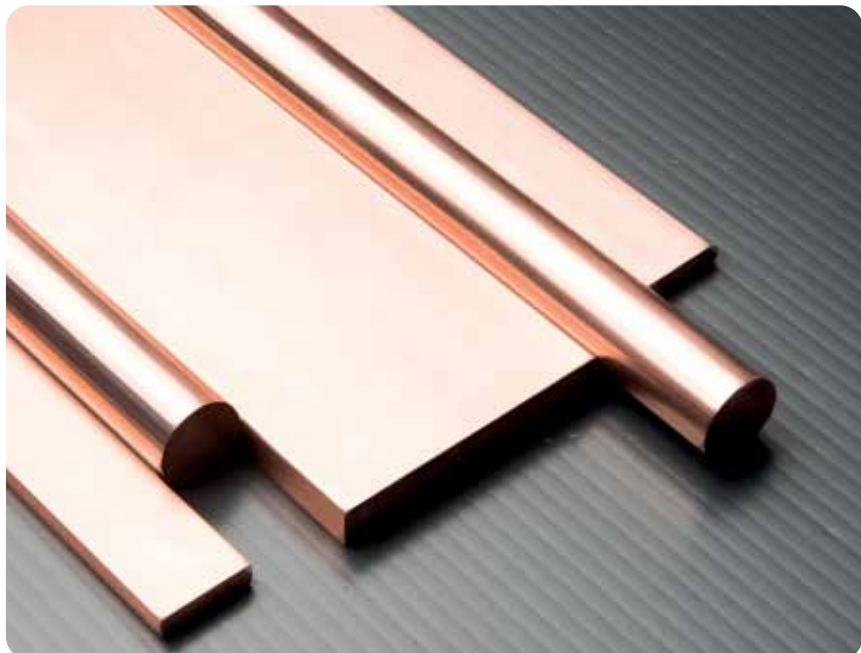
TUBE, BUSBAR AND PROFILE MANUFACTURING PLANT

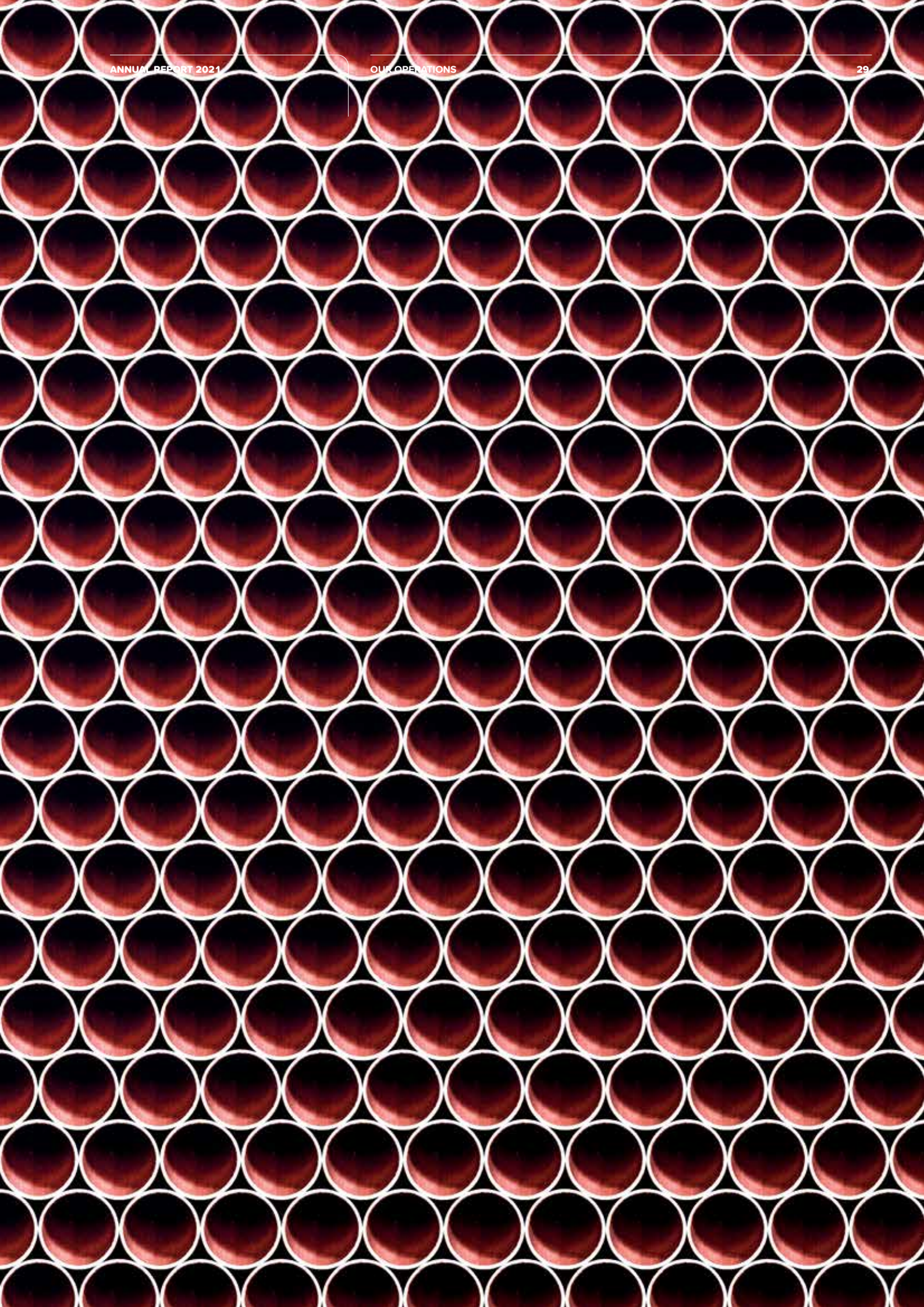
Preheated up to the appropriate process temperatures, DHP-Cu and ETP-Cu billets are transformed into mother tubes and busbars by extrusion presses. Final products are produced in different finishing lines in compliance with

**200,000
tonnes**



**TOTAL PRODUCTION CAPACITY OF
SARKUYSAN**





Activities in 2021

An increase of 105.60% in our year-on-year sales figures...

**DESPITE THE CHALLENGES
ENDURED IN OUR COUNTRY'S
AND GLOBAL MARKETS, THE
YEAR-ON-YEAR SALES OF OUR
COMPANY INCREASED 105.60%
THANKS TO OUR VAST AND
FLEXIBLE RETAIL NETWORK.**

required dimensions. As well as busbars and profiles, inner grooved or non-grooved tubes drawn in straight lengths, pancake or LWC forms are calibrated according to customers' demands, and are annealed in the annealing furnace, operating under protective gas. Insulated copper tubes are produced for the air conditioning sector with a production line that is specially developed and produced by Sarkuysan.

Depending on the customers' order, busbars are offered for sale in bare or tin-plated forms. In addition, copper busbars with high conductivity and surface quality properties are manufactured from Cu-OF wire rods at the state-of-the-art continuous extrusion plant. Moreover, tin-plated busbars can be produced at electro tin-plating line, jointly developed by Sarkuysan and Sar Makina who is the patent holder.

ENAMELLED WIRE PRODUCTION FACILITIES

Round and flat copper and aluminium enamel winding wire as well as CTC (Continuously Transposed Conductors) are produced at our facilities in Gebze and Tuzla.

Round and Flat Enamelled Winding Wire Production

Round copper wires in the 0.03-5.00 mm range, round aluminium in the 0.80-2.50 mm range and up to 100 mm² cross section in flat copper and aluminium enamel winding wires are produced on enamelling machines at world standards.

CTC (Continuously Transposed Conductor) Production

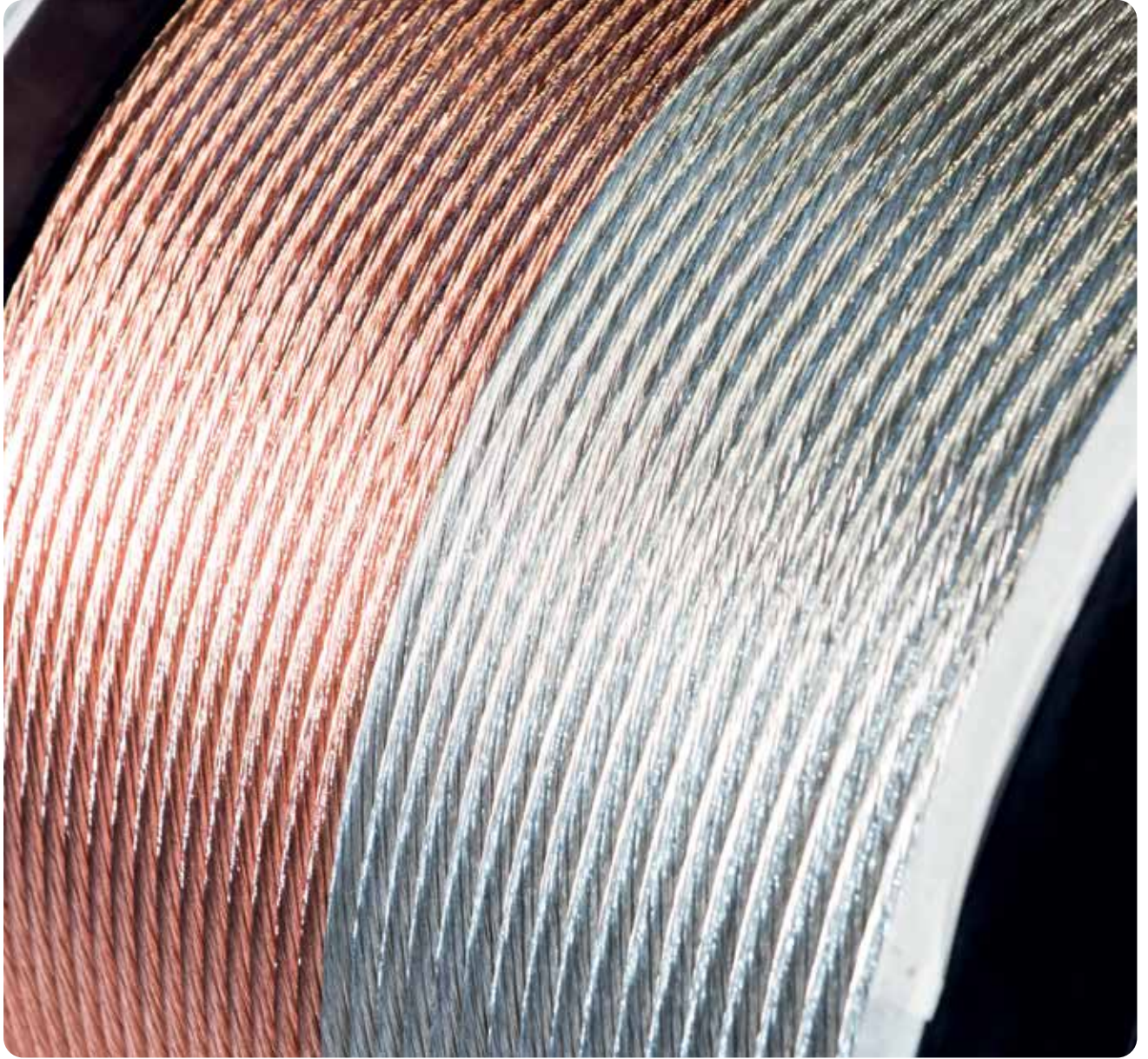
The CTC product that is manufactured by gathering flat enamelled winding wires together which is used in power transformers and generators that reduce losses in the unit used, winding time and costs and increases the physical endurance of the winding, is produced with project development according to customer demand.

OUR PRODUCTS

- Copper Cathode
- Produced from electrolytic copper;
 - Wire rod
 - Rods
 - Wires in various diameters
 - Flat Wires (Bare and Insulated)
 - Overhead Catenary Wires (Contact Wires, Dropper Wires, Porter Wires, Feeder Wires, Y Rope Insulated/Non-Insulated Earth Wires)
 - Tin-Plated Wires
 - Nickel-Plated Wires
 - Bunched and Stranded Wires
 - Rope Stranded Wires
 - Profiles
 - Copper Tubes (LWC, pancake, plain, grooved, insulated)
 - Copper Busbars (bare or tin-plated)
 - Copper Nuggets (Cu-OF and Cu-DXP)
 - PV Ribbon Wires
 - Round Enamelled Winding Wire (copper or aluminium)
 - Flat Enamelled Winding Wire (copper or aluminium)
 - CTC (Continuously Transposed Conductor)

14
billion TL 

TOTAL SALES OF SARKUYSAN IN 2021



SALES

The total sales figure in 2021 reached 13,863,404,122 TL. Having global impacts, Covid-19 pandemic had a significance effect on Turkish copper industry.

Despite the challenges endured in our country's and global markets, the year-on-year sales of our Company increased 105.60% thanks to our vast and flexible retail network. (2020: 6,742,787,513 TL) Effective team work, Corporate Risk Management, high quality and our customers regarding Sarkuysan as a long-term solution partner played an important role in achieving the subject sales figures.

EXPORT

2021 was a successful year in terms of achieving the export goals despite all challenges experienced. As the Company has an extensive export network of over 500 active customers in more than 70 countries on 5 continents, Sarkuysan experienced limited impacts of curfews due to Covid-19 pandemic.

In 2021, we achieved export figures of US\$ 295,136,177, €403,185,423 and £46,208,032.

FAIRS PARTICIPATED IN 2021

No fair organisations were participated in 2021.

DESPITE ALL THE CHALLENGES ENCOUNTERED IN 2021, OUR EXPORTATION REACHED US\$837 MILLION, BY A YEAR-ON-YEAR INCREASE OF 60%.

Activities in 2021

**More than 500 active
customers in more than
70 countries...**







EXPECTATIONS OF THE MARKET AND THE COPPER MARKET IN 2022

Beginning around November–December 2019, Covid-19 pandemic spread all around the world and caused production and consumption activities to almost stop worldwide. The impacts of the pandemic eased in the following periods and the global economies achieved a serious growth trend. However, in 2021, curfews were re-announced due to new mutations and the inadequacy of live vaccines; hence, the economies experienced a fluctuating period. Despite the ups and downs of the pandemic, significant growth rates were observed worldwide due to the delayed demand and base impact. During the period, the global growth was recorded by 5.9%, while the USA grew by 5.6%, Europe by 5.2%, China by 8.1% and Turkey by 11%. (Source: IMF, World Bank)

Considering the global trend, IMF estimates a global growth rate around 4.4% in 2022. During this period, the USA is expected to achieve a growth rate of 4.0%, while Europe and China to achieve a growth rate of 3.9% and 4.8%, respectively; whereas developing countries group, in which Turkey is included as well, is expected to close the year with a growth rate of 3.6%. According to the latest surveys published and the reports disclosed by IMF, the disruptions caused by the pandemic in China due to the zero-tolerance Covid-19 policy caused a 0.8% decrease in the expectations for China. In 2023, the economy of China is expected to grow 5.2%. Whilst the growth expectations for Chinese economy was 8.1% for 2021, the Chinese economy is estimated to achieve a growth of 8.1% in the first three quarters. (Source: IMF, World Bank)

Covid-19 pandemic also has had significant impacts on Turkish economy, besides global economy. Whilst the pandemic hit Turkey with a fragile economy, the growth rate achieved in 2019 was 0.9%.

While the rate was 1.8% in 2020, despite the high credit expansion and base effect, the growth rate observed



in 2021 was 11% due to the positive developments regarding the pandemic and delayed demand. Although IMF and World Bank fixed the growth estimation in Turkey to 3.1% in 2022, the growth estimation in Turkey, which is among the countries that will be most affected by the Ukraine-Russia war, is expected to shift a bit more downwards.

In 2021, the refined copper production was approximately 24.4 million tonnes worldwide. In 2022, the total consumption amount is expected to be

IN 2021, THE REFINED COPPER PRODUCTION WAS APPROXIMATELY 24.4 MILLION TONNES WORLDWIDE. IN 2022, THE TOTAL CONSUMPTION AMOUNT IS EXPECTED TO BE AROUND 25.1 MILLION TONNES DUE TO THE DECREASE IN THE IMPACT OF THE PANDEMIC.

Activities in 2021

Our competence in R&D and technology opens new horizons...

THE “ENVIRONMENTAL MANAGEMENT SYSTEM” WITH ISO 14001 CERTIFICATE LEADS SARKUYSAN TO DECREASE THE USE OF NATURAL RESOURCES, MINIMISES THE IMPACTS ON SOIL, WATER AND AIR, INCREASE AND SUSTAINS THE ENVIRONMENTAL PERFORMANCE.

around 25.1 million tonnes due to the decrease in the impact of the pandemic. (Source: CRU, ICSG). However, global growth and thus refined copper consumption are expected to decline significantly because of the Ukraine-Russia war. Although it is not yet known how long the war will last and its impact on the global economies, it is not possible to give an exact figure.

In 2021, the refined copper consumption in our country was around 525,000 tonnes. Despite the uncertainties due to the pandemic and the war, an increase of 4.1% is expected in the Turkish copper market in 2022 compared to the previous year.

R&D ACTIVITIES

Sarkuysan R&D Centre commenced its activities with the permission of the Ministry of Industry and Technology on November 19, 2018.

Continuing its activities in sector with high global competition, Sarkuysan places importance to its R&D studies to fulfil the requirements of the industry and compete in the international arena. Sarkuysan R&D Centre continues its studies in line with the Company's line of business and goals. Hence, the centre is mainly focused on developing products included in the portfolio of the Company and produced in massive

525,000
tonnes



REFINED COPPER CONSUMPTION IN TURKEY IN 2021



amounts as well as tailor-made products and systems in line with the requests and suggestions of the customers. Thus, every year activities to strengthen R&D infrastructure and human resources are carried out.

Sarkuysan R&D Centre is focused on,

- Process design and implementation,
- Material development and implementation
- Project-specific tailor-made implementations,
- Low-cost, high-quality product implementations

to strengthen its position in the sector.

MANAGEMENT SYSTEMS AND QUALITY CONTROL ACTIVITIES

High quality of our products and our business understanding focused on continuous improvement have an important role in the success of our Company in sustaining its leading position in the production of electrolytic copper and copper products.

Thanks to the “Quality Management System” with ISO 9001 and IATF 16949 certificates, Sarkuysan continues its activities in line with the Company’s main goals of increasing quality and customer satisfaction and ensuring sustainability.

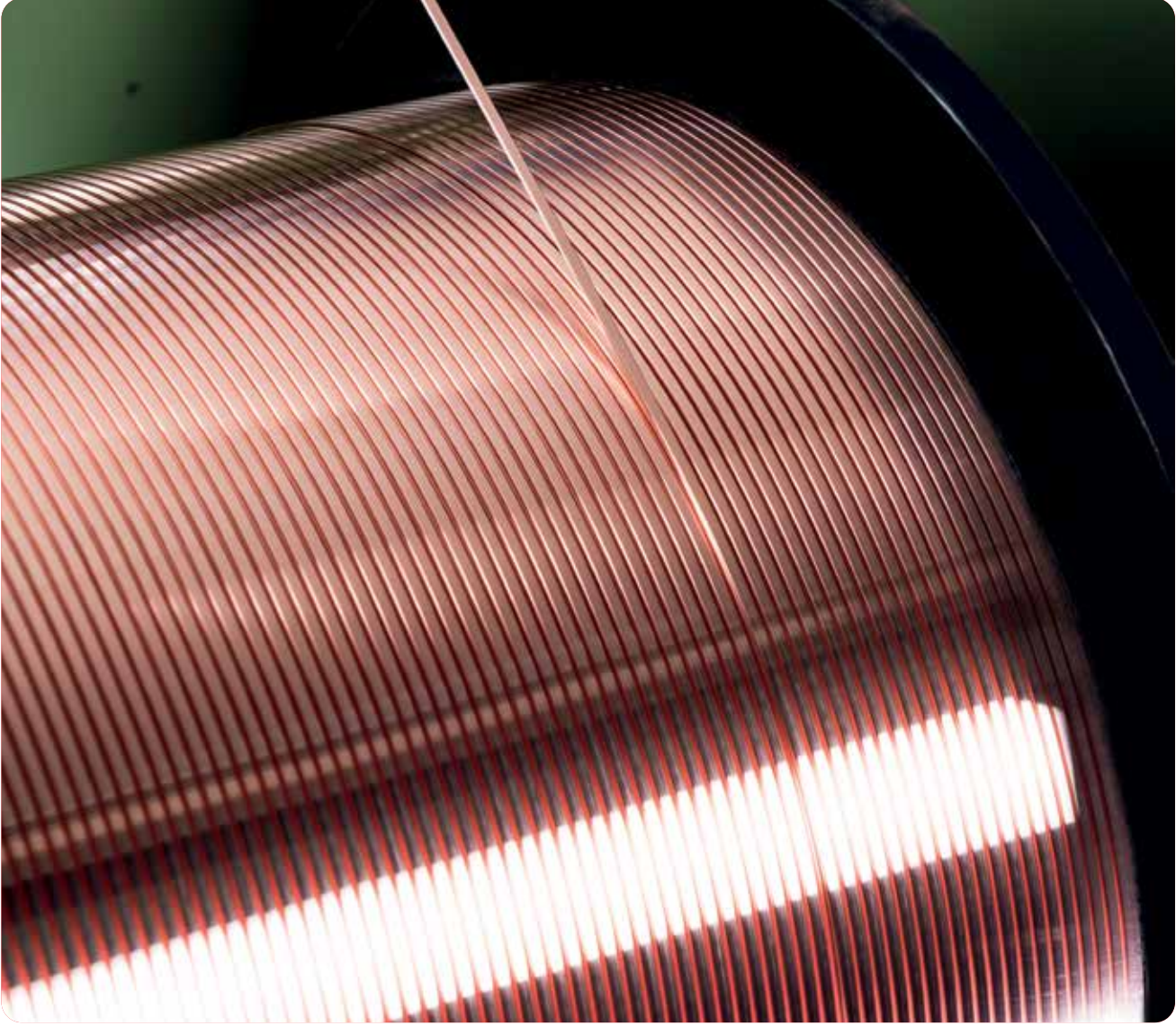
The “Environmental Management System” with ISO 14001 certificate leads Sarkuysan to decrease the use of natural resources, minimises the impacts on soil, water and air, increase and sustains the environmental performance.

The “Occupational Health and Safety Management System” with ISO 45001 certificate enables us to continue our systematic applications for the protection of our employees by creating a safe and healthy work environment, prevents the occurrence of workplace accidents and occupational diseases, and ensures the safety of workplace environment.

Thanks to our “Energy Management System” with ISO 50001 certificate, the required processes and systems to increase energy efficiency were established and efficient energy



Activities in 2021



SARKUYSAN A.Ş. ADOPTS THE PRINCIPLE OF CONSTANTLY IMPROVING THE EFFICIENT USE OF ENERGY AND PROVIDING ENVIRONMENTAL AND ECONOMIC SUSTAINABILITY IN ALL OF OPERATIONS WITH THE RESPONSIBILITY OF OUR ENERGY MANAGEMENT SYSTEM.

management is enabled by the projects applied.

The quality control activities that start with input products are continued with process control and product controls. Quality controls at all levels are carried out according to test methods stipulated in line with the national and international standards and by appropriate devices and competent personnel. The laboratories where Physical Tests and Chemical Analyses are conducted are experts on copper tests and analyses and our activities are approved by the Turkish Standards Institute (TSE). Conformity of our products to the national standards is certified by TSE.

ENERGY POLICY

Sarkuysan A.Ş. adopts the principle of constantly improving the efficient use of energy and providing environmental and economic sustainability in all of operations with the responsibility of our Energy Management System.

Thus, we are committed to;

- Complying with appropriate national and international energy regulations, standards and other requirements in force,
- Utilising energy and natural resources efficiently in all manufacturing operations and processes, and constantly improving our energy

performance through surveys and improvement projects for energy efficiency,

- Keeping up with technological trends to evaluate alternative energy resources that would minimise negative impacts,
- Efficiently using energy and natural resources through sustainable development approach, and launching efficient and transparent efforts for reducing greenhouse gas emissions,
- Implementing efforts dedicated to improving the energy awareness of employees, suppliers, customers and stakeholders,
- Minimising energy losses and optimally utilising gas emissions and waste heat,
- Preferring energy-efficient technologies and applications to improve our production plants and equipment and new investment operations services in new investments,
- Integrating the documented Energy Management System into corporate governance applications and periodically reviewing and improving the objectives

ENVIRONMENT, HEALTH AND SAFETY POLICY

The principles of Sarquysan which are based on protecting our employees' health and safety are as follows;

- Use clean materials and production technologies which do not pollute the environment and minimise waste and environmental impacts through recycling in our manufacturing processes in accordance with the requirements and expectations of our customers,
- Ensure efficient use of energy and natural resources for sustainable development and develop systems to prevent pollution as part of our Environmental Management System based on sustainable development,
- Eliminate hazards, carry out risk reduction studies, provide a safe and healthy work environment for our employees in order to protect our



NUMBER OF EMPLOYEES

Year	Number
2021	1,129
2020	1,110
2019	1,095
2018	1,090
2017	1,047
2016	984
2015	998

- employees from work accidents and occupational diseases,
- Comply with the requirements of Environment, Health and Safety legislation and regulations,
- Set attainable goals and revise these goals in line with the continuous development principle; enhance environmental performance,
- Ensure effective implementation of Environment, Health and Safety Management Systems and train our employees to raise awareness.
- Our policy is accessible to all stakeholders and the public.
- We commit to put our efforts to achieve these principles with the participation of all our employees.

HUMAN RESOURCES

In this period, human resources policy was implemented in parallel with our main targets. In 2021, we had no decrease in our employment volume compared to the previous year in line with our priority to safeguard the employment; even, we reached 1,129 employees with a slight increase. 435 administrative personnel and 694 workers were employed.

As part of the significance and priority we attach to the health of our human resources, our most valuable assets, we are certified with "Covid-19 TSE Safe Production Certificate". During the certification process, we immediately

Activities in 2021

Reference projects in social responsibility...

AS PART OF THE PROJECTS WE CARRY OUT IN LINE WITH THE AWARENESS ON CORPORATE SOCIAL RESPONSIBILITY IN VARIOUS FIELDS, WE CONTINUED OUR 28 YEARS OF TRADITION AND TRANSFERRED OUR NEW YEAR'S PROMOTIONS BUDGET TO HEALTHCARE.

made the required investments, procured the necessary equipment, provided training, etc. Particularly during the beginning of March, when Covid-19 cases were rare in our country, intensive training on Covid-19 was provided to all our employees by our Company Physician to raise awareness, which has been very useful. Spots, posters regarding Covid-19 measures were placed all around the factory.

FINANCIAL RIGHTS GRANTED TO THE MEMBERS OF THE BOARD AND SENIOR EXECUTIVES

Remuneration to the Members of the Board are determined in the Ordinary General Assembly which is held annually.

Salaries of all managers including senior executives of the Company are determined in parallel with the pay rise periods specified in the collective labour agreements, based on the general economic and sectoral circumstances, actual figures in the financial statements of the Company, wages applied in the market and particularly in the peer corporations, annual performance assessment results of employees, pay rise percentages arising from collective labour agreements of our union member

workers and implemented upon evaluation and approval of the Board of Directors.

SOCIAL RESPONSIBILITY

We are aware of our responsibilities towards society and we carried out various social responsibility projects over the year. Thus, besides experiencing the happiness of being an organisation that creates value for the society, we have also carried out social projects in various fields. Accordingly, we lent our helping hand abroad and sponsored a mill to be built in a poor village in Gambia, one of the poorest countries in Africa. This was our third sponsorship in the African continent. Previously, we financed for a mill and drilling a drinking water well.

As part of the projects we carry out in line with the awareness on corporate social responsibility in various fields, we continued our 28 years of tradition and transferred our New Year's promotions budget to healthcare. Thus, we provided financial support to the study carried out by Gebze District Governorate and Gebze Technical University partnership regarding mucilage, which threatens our seas and has the potential to cause significant health problems. Furthermore,

FINANCIAL RIGHTS GIVEN TO THE MEMBERS OF THE BOARD AND SENIOR EXECUTIVES (TL)

Attendance fees, salaries, bonuses, premiums and dividends	13,147,772
Allowances, travel, accommodation, insurance and representation expenses	43,723
Total	13,191,495

we purchased the patient and emergency gurneys required by Gebze Fatih State Hospital and Darıca Farabi Teaching and Research Hospital together with our sister company, Sar Makina A.Ş.

We also continued our contributions in the education field by granting non-refundable scholarships to 111 undergraduates, including children of our employees and graduates of Sarısu High School studying at higher education institutions. Thanks to these practices, 346 grantees have been included in the professional life so far. Furthermore, our employees established a scholarship fund 27 years ago by contributing with certain amounts of deduction from their salaries. So far, 319 students have benefitted from this scholarship and finished their schools. In the meantime, 85 students still continue their education. We also keep our relations and supports ongoing with our Elementary School and High School, which are our other social investments in education.

DONATIONS AND GRANTS

In this period, donations and grants in an amount of 499,755.-TL in total were provided to various organisations.

Major donations and aids were as follows; 130,000.00 TL to Darıca District Governorate as part of donations due to the pandemic; 107,000.00 TL to Sarısu Sports Club for the cost of the materials and equipment of our table tennis team competing in the Super League as part of donations to sports activities; 101,534.47 TL to Gebze Fatih State Hospital as part of donations to healthcare; 46,200.00 TL for the areas affected from fires in our country; 29,936.36 TL to Sarısu Primary School and High School as part of support to education.

Dear shareholders,

Our Company made donations and grants to various organisations and contributed to their development and improvement.

Yours faithfully,
Board of Directors



DONATIONS AND GRANTS OF THE COMPANY (TL)

Name of the Institution	Miktar
Darıca-Gebze-Tuzla Municipalities	130,000
Sarısu Sports Club	107,000
Gebze Fatih State Hospital	101,535
Fire Zones	46,200
Sen de Gel Association	38,369
Sarısu Primary & High School	29,936
Darıca Kalkınma Teknoloji (Darıca Development Technology)	22,000
Unicef	11,740
Türkiye Sağırlar Derneđi (Deaf and Solidarity Association)	7,000
Türk Eđitim Vakfı (Turkish Education Foundation)	4,475
Lösev (Foundation for Children with Leukaemia)	1,500
Total	499,755

Internal Audits

The internal audit system of the Company consists of job descriptions, authorisation system, policies and documented procedures that were previously determined based on the work flows and processes.

Our Company aims to achieve its targets on efficiency and effectiveness of operations, the reliability of its financial reporting system and assurance on the compliance to the legal regulations through implementation of an internal audit system.

Internal audit system is regularly subjected to periodic evaluation by the Quality Assurance Department and effectiveness of the production operations is inspected.

The Audit Committee has notified the Board of Directors in writing about its opinions on the election of the independent auditors for the year 2021 interim and annual financial statements to be disclosed to the public, accuracy and consistency of them with the accounting principles and actual figures and the decisions taken during the meetings held throughout the year.

Risks and Assessment of the Board of Directors

All of the strategic, operational, financial particularities and other aspects that are thought to create risks preventing our Company from achieving its short- and long-term targets are evaluated at every level of the organisation starting from the Board.

The Early Risk Detection Committee that is established for this purpose carries out activities in parallel with the objective of making recommendations and giving advice towards detecting, evaluating and managing, reporting all kinds of risks including strategic, financial, operational risks etc., that may have an impact on the Company and taking them into consideration in the decision taking mechanisms.

Operational Risks: These risks are evaluated from a broad perspective beginning from the procurement of raw materials, production, sales and after sales services.

Receivables Risk: The receivable risks of our Company are reported by the Limit Determination Committees consisting of senior executives of the Company in accordance with the Customer Limits Determination Procedure and they are approved upon checking and analysing in accordance with the relevant procedure.

There are insurance policies covering the receivables of our Company from the domestic market and foreign countries so that the losses that may arise from risks can be compensated.

In addition to the global policies, various security methods (securities, bonds, direct debiting system, etc.) are used with the purpose of minimising the receivables risk.

Financial Risks: These risks are classified in four categories as Liquidity Risks, Interest Rate Risks, Foreign Exchange and Price Risks and following principles are regarded for the management.

Liquidity Risks: Attention is paid for matching the due dates of our Company's receivables and debts, and efforts are made to maintain the liquidity ratios of the Company (current ratio and acid-test ratio) through effective cash flow management and control and net operating capital management with the purpose of maintaining the short-term liquidity level.

Interest Rate Risk: Changes in the interest rates lead to a substantial risk with respect to the financial consequences as a result of the impact created on interest sensitive assets and liabilities. This risk is managed by balancing the amount and maturity dates of the interest sensitive items.

Accordingly, efforts are made not only to match the maturities of the receivables and payables but also to balance the fixed/ fluctuating interest rates and short/long-term maturities.

Foreign Exchange Risk: As our Company carries out operations in a vast geography, the operations are compensated with different currencies. Therefore, the exchange rate risk is one of the most important financial risks encountered. The main principle in managing this risk is to balance foreign currency assets and liabilities in foreign currencies such that the currency fluctuations create the minimum impact, in other words, a level close to zero is maintained in connection with the foreign currency position. Most of the time, methods that can be implemented on the balance sheet are used for the management of the foreign exchange. In addition, derivative financial instruments are used for protection against the parity change risks.

Raw Material Price Risk: Copper prices that form a substantial part of our costs are set by the global markets and follow a volatile trend. We implement models based on matching the prices and payment dates of the goods procured and sold in order to protect the Company against such price change risks. Apart from these models, all long-term price fixing demands of customers are managed through hedging operations.

In addition to the hedging operations against changes in copper prices, we implement hedging operations for other metals such as Tin, Nickel and Aluminium too, as they form a part of our costs and are open to price changes.

MISCELLANEOUS

No important developments of special importance occurred in the Company that may have a potential to affect rights of the partners, debtors and other relevant persons and organisations upon expiry of the activity period.

Corporate Governance Compliance Report

SECTION I-DECLARATION OF COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES

Our Company adopted complete compliance to Corporate Governance Principles included in the annex of Communiqué on Corporate Governance no.II-171 of the Capital Markets Board that came into effect after it was published in the Official Gazette no. 28871 dated 03.01.2014. However, full compliance could not be achieved due to reasons such as difficulties that could be faced in practice and that could cause delays in the Company's activities, existence of debates in our country and also in the international arena about the compliance to some articles and as some of its aspects do not fully coincide with our Company's present structure. There is not any conflict-of-interest situation that our Company has been subject to for not complying with any principle. During application of Corporate Governance Principles, some principles that do not fully coincide with our Company structure and could cause delays in some activities were not included.

In the annual period that ended on December 31, 2021, the explanations regarding compliance to Corporate Governance Principles found in the attachment of Corporate Governance Communiqué as well as the principles yet to be complied with were given in Corporate Governance Compliance Report ("URF") and Corporate Governance Data Sheet ("KYBF") and other sections of the report. In case of any change in URF or KYBF within the annual period, special announcements will be made and updates will be included in interim reports.

Prepared in line with the Capital Market Board decision dated 10.01.2019 and numbered 2/49 and Corporate Governance Communiqué numbered II-171, Corporate Governance Compliance Report (CRF) and Corporate Governance Information Form (CGIF) can be accessed below.

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAME

With the amendment made on Corporate Governance Communiqué on October 2, 2020, Capital Markets Board requested the following information to be included in the Annual Reports;

- If the fundamental principles defined as part of sustainability principles compliance framework are implemented,
- If not, explanations on the issue,
- Explanations related to impacts on the environmental and social risk management in the event of not fully complying with these principles.

Although implementation of sustainability principles is voluntary, whether or not implementing the principles must be explained in the report on "Implement or Explain" basis. Sarkuysan has the goal to fully comply with the principles defined in Sustainability Principles Compliance Framework document. Sarkuysan also has the goal to integrate internationally-recognised ESG (Environmental, Social and Governance) reporting metrics with its corporate structure and strategic goals in order to create short-, medium- and long-term values. Thus, in the following period, the Company will focus on building structures, defining strategies, building policies in order to fully comply with the aforementioned principles. We will continue with our projects in education, innovation and environment, which are already priority projects of the Company, with the goal to foster a more conscious society today and in the future. For a sustainable future, we will continue to contribute to environment, people, economy, society and develop; and fulfil the expectations of our stakeholders.

MANAGEMENT COMPLIANCE REPORT

	Compliance Situation					Explanation
	Yes	Partial	No	Exempt	NA	
1.1. FACILITATING USE OF SHAREHOLDER RIGHTS						
1.1.2-Updated information and disclosures that may affect the use of shareholder rights are presented to the attention of the investors on the corporate website.	x					
1.2. RIGHT TO DEMAND AND REVIEW INFORMATION						
1.2.1-The Company management avoids any actions that may complicate special audits.	x					
1.3. GENERAL ASSEMBLY MEETING						
1.3.2-The Company ensured a clear description of the agenda of the General Assembly Meeting and each suggestion to be given under a separate title.	x					
1.3.7-Privileged persons who have the opportunity to obtain partnership information informed the Board of Directors about the activities they carry out as part of the field of activity of the partnership in their own name to ensure that the item is included to the agenda for the General Assembly to be informed.			x			Privileged persons who have the opportunity to obtain partnership information have not taken action as part of the activity subject of the partnership in their own name.
1.3.8-The Members of the Board, other concerned individuals, authorities in charge of preparing the financial statements and the auditors were present at the General Assembly meeting regarding the subjects on the agenda.	x					
1.3.10-The agenda of the General Assembly included the amounts of all donations and grants and the grantees under a separate item.	x					
1.3.11-General Assembly was held open to public including stakeholders and the media with no right to speak.	x					
1.4. RIGHT TO VOTE						
1.4.1-There are no restrictions and practices that make shareholders to exercise their right to vote difficult.	x					
1.4.2-The Company has no shares that have privileged voting rights.			x			There is a share with privilege to nominate for the Membership of the Board of Directors.
1.4.3-The Company has not voted in a General Assembly of a partnership, in which the Company has cross-ownership that also brings rulership.	x					

Corporate Governance Compliance Report

MANAGEMENT COMPLIANCE REPORT

	Compliance Situation					Explanation
	Yes	Partial	No	Exempt	NA	
1.5. MINORITY SHAREHOLDER RIGHTS						
1.5.1-The Company pays utmost attention for the minority shareholders to use their rights.	x					
1.5.2-Minority rights are granted to those who are in possession of less than one twentieth of the capital by the Articles of Association, and the scope of the minority rights was revised and extended in the Articles of Association.			x			The Company agrees that the related legislation in terms of the use of minority shareholder rights is sufficient. No extension was included in the Articles of Association regarding the minority shareholder rights.
1.6. DIVIDEND RIGHT						
1.6.1-Dividend Distribution Policy approved by the General Assembly is disclosed to the public on the partnership's corporate website.	x					
1.6.2-Dividend Distribution Policy includes minimum information to clearly ensure the shareholders to project the procedures and principles of dividend distribution of the partnership in the upcoming periods.	x					
1.6.3-Reasons not to distribute profit and the way of utilisation for the undistributed profit were defined under the related agenda item.					x	
1.6.4-The Board of Directors reviewed if there is a balance between the benefits of the shareholders and the partnership in the Dividend Distribution Policy.	x					
1.7. TRANSFER OF SHARES						
1.7.1-There are no restrictions that make transfer of shares difficult.	x					
2.1. CORPORATE WEBSITE						
2.1.1 -The corporate website of the Company includes all items listed under Corporate Governance Principle no. 2.11.	x					
2.1.2-The structure of shareholders (names, privileges, number of shares and rates of the real person shareholders who own more than 5% of the issued capital) is updated on the corporate website in every 6 months at the latest.	x					
2.1.4-Information on the corporate website of the Company are also prepared in other languages selected in line with the requirements and the contents were kept the same with the Turkish version.	x					

MANAGEMENT COMPLIANCE REPORT

	Compliance Situation					Explanation
	Yes	Partial	No	Exempt	NA	
2.2. ANNUAL REPORT						
2.2.1-The Board of Directors ensures that annual report reflects Company activities completely and correctly.	x					
2.2.2-The annual report includes all elements listed under the principle no. 2.2.2.	x					
3.1. COMPANY POLICY REGARDING STAKEHOLDERS						
3.1.1-Revisions regarding the rights of the stakeholders are protected as part of agreements and principles of goodwill.	x					
3.1.3-Policies and procedures regarding the rights of stakeholders are disclosed on the corporate website of the Company.	x					
3.1.4-Required mechanisms for the stakeholders to inform about any acts against the legislation and unethical acts were built.	x					
3.1.5-The Company considers the conflicts of interests between the stakeholders in a balanced manner.	x					
3.2. SUPPORTING THE ENGAGEMENT OF THE STAKEHOLDERS TO THE MANAGEMENT OF THE COMPANY						
3.2.1-Engagement of the employees to the management is drawn up in the Articles of Association and internal regulations.	x					
3.2.2-Methods such as surveys, consultation, etc. were conducted to get the opinions of the stakeholders in significant decisions that have outcomes with regard to stakeholders.	x					
3.3. COMPANY'S HUMAN RESOURCES POLICY						
3.3.1-The Company adopted an employment policy that ensures equal opportunity and succession planning for all key executive positions.		x				The Company adopted an employment policy that ensures equal opportunity. This is indicated under the Human Resources Policy title of the Corporate Governance Principles Compliance Report section of the Company's annual report. The Succession Policy is currently being developed.
3.3.2-Criteria for recruitment is adopted in written.	x					
3.3.3-The Company has a Human Resources Development Policy and employees are provided training.	x					

Corporate Governance Compliance Report

MANAGEMENT COMPLIANCE REPORT

	Compliance Situation					Explanation
	Yes	Partial	No	Exempt	NA	
3.3.4-Meetings were held to inform employees on the financial structure of the Company, remuneration, career planning, training and healthcare.	x					
3.3.5-Employees and employee representatives were informed about decisions that may have an effect on employees. Unions were consulted for such issues.	x					
3.3.6-Job descriptions and performance criteria were elaborated for all employees and announced to employees; and these were used in decisions regarding remuneration.	x					
3.3.7-Various measures have been taken to prevent discrimination among employees and protect them against physical, mental and emotional abuse within the Company and these include procedures, trainings, awareness raising, targets, tracking, grievance mechanisms.	x					
3.3.8-The Company effectively supports the recognition of freedom to establish organisations and collective labour agreements.	x					
3.3.9-A secure work environment is provided for the employees.	x					
3.4. RELATIONSHIPS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The Company has measured customer satisfaction and has been operating based on the principle of unconditional customer satisfaction.	x					
3.4.2-Customers are informed in case there is a delay in processing their requests regarding products and services they have purchased.	x					
3.4.3-The Company is committed to the quality standards regarding products and services.	x					
3.4.4-The Company has the necessary measures in place to protect the confidentiality of sensitive information of customers and suppliers as part of commercial secret.	x					
3.5. CODE OF ETHICS AND SOCIAL RESPONSIBILITY						
3.5.1-The Board of Directors defined the Codes of Ethics and disclosed them on the corporate website of the Company.	x					
3.5.2-Partnership is sensitive to social responsibility. Measures have been taken to prevent corruption and bribery.	x					

MANAGEMENT COMPLIANCE REPORT

	Compliance Situation					Explanation
	Yes	Partial	No	Exempt	NA	
4.1. FUNCTION OF THE BOARD OF DIRECTORS						
4.1.1-The Board of Directors ensures that strategies and risks do not threaten long-term interests of the Company and implementation of an effective risk management.	x					
4.1.2-Meetings' agendas and minutes show that the Board of Directors discusses and approves strategic targets of the Company, determines the required resources and supervises performance of the management.	x					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The Board of Directors has documented its activities and informed shareholders accordingly.	x					
4.2.2-Roles and authorities of the Members of the Board are disclosed in the annual report.	x					
4.2.3-The Board of Directors has created an internal audit system suitable to the scale of the Company and complexity of the activities.	x					
4.2.4-Information regarding processes and effectiveness of internal audit system are given in the annual report.	x					
4.2.5-The positions of President and CEO (Managing Director) were separated and their roles were defined.	x					
4.2.7 - The Board of Directors ensures effective operation of Investor Relations Department and Corporate Governance Committee and works in close cooperation with Investor Relations Department and Corporate Governance Committee to resolve conflicts between the Company and the shareholders and in communication with shareholders.	x					
4.2.8-The Company had initiated an executive liability insurance with an amount exceeding 25% of the capital regarding any damages in the Company that may result from the faults of the Members of the Board during their assignments.	x					

Corporate Governance Compliance Report

MANAGEMENT COMPLIANCE REPORT

	Compliance Situation					Explanation
	Yes	Partial	No	Exempt	NA	
4.3. STRUCTURE OF THE BOARD						
4.3.9-The Company set a goal to have a minimum of 25% for the ratio of women in the Board of Directors and built a policy to reach the goal. The structure of the Board of Directors are reviewed annually and the policy shall be considered for the nomination process.		x				Members of the Board, except Independent Members, are elected in every 3 years. Independent Members are elected every year. The Company set a goal to have a minimum of 25% for the ratio of women in the Board of Directors, yet no policy was built to reach the goal.
4.3.10-At least one of the Members of the Committee in charge of auditing shall have 5 years of experience in auditing/accounting and finance.	x					
4.4. NATURE OF BOARD MEETINGS						
4.4.1 - All Members of the Board physically attended to the majority of the Board meetings.		x				In 2021, all of the 18 meetings were held on digital platforms due to the pandemic; on the other hand, resolutions made in these meetings were later originally signed by the Members of the Board of Directors.
4.4.2-The Board of Directors sets a minimum period for the members of the Board to be provided information and documents regarding the items of the agenda before the meeting is held.	x					
4.4.3-The opinions of members who did not attend the Board meeting but submitted their views in writing were presented to the information of other members.	x					
4.4.4-Each member has the right for one vote on the Board.	x					

MANAGEMENT COMPLIANCE REPORT

	Compliance Situation					Explanation
	Yes	Partial	No	Exempt	NA	
4.4.5-The method of Board meetings is put in writing with internal regulations.	x					
4.4.6-Minutes of the Board meeting shall indicate that all items in the agenda are discussed and records shall include the opposing views as well.	x					
4.4.7-Members of the Board are restricted in assuming other duties outside of the Company. The assignments of the Members of the Board other than their assignments in the Company were disclosed to the shareholders during the General Assembly Meeting.	x					
4.5. COMMITTEES BUILT UNDER THE BOARD OF DIRECTORS						
4.5.5-Each Member of the Board is assigned to only one committee.			x			Independent Members of the Board are assigned to more than 1 committee.
4.5.6-The committees invite people, whose views were deemed necessary to be heard, to the meetings and heard their views.	x					
4.5.7-Information regarding the independency of the person/organisation that the committee is provided consultancy is included in the annual report.			x			No consultancy services were provided.
4.5.8-Reports were issued regarding the outcomes of the committee meetings and were submitted to Members of the Board.	x					
4.6. FINANCIAL RIGHTS GIVEN TO THE MEMBERS OF THE BOARD AND ADMINISTRATIVE EXECUTIVES						
4.6.1-The Board of Directors went through a Board of Directors performance evaluation to assess if they effectively fulfilled their responsibilities.			x			No performance evaluation was conducted.
4.6.4-The Company has not provided credit facilities to any of the Members of the Board of Directors or managers with administrative responsibilities, has not given loans or extended the term of the loan that was given, has not improved the conditions of loan, has not provided credit facilities under the title of a personal credit through third parties or has not given guarantees on behalf of these such as indemnity.	x					
4.6.5-Remuneration given to the Members of the Board and executives with administrative responsibilities has been disclosed to the public for each member in the annual report.		x				Remuneration given to the Members of the Board and executives with administrative responsibilities has been disclosed to the public as a total amount in the annual report.

Corporate Governance Compliance Report

CORPORATE GOVERNANCE INFORMATION FORM

1. SHAREHOLDERS	
1.1. FACILITATING USE OF SHAREHOLDER RIGHTS	
Number of investor conferences and meetings organised by the Company throughout the year	None.
1.2. RIGHT TO DEMAND AND REVIEW INFORMATION	
Number of private auditor requests	None.
Number of private auditor requests agreed during the General Assembly Meeting	None.
1.3. GENERAL ASSEMBLY MEETING	
As part of Principle 1.3.1 (a-d), link to the PDP (Public Disclosure Platform) announcement in which required information is disclosed	https://www.kap.org.tr/tr/Bildirim/917619
Whether documents regarding the General Assembly meeting is submitted both in Turkish and English	Documents in English are being prepared.
As part of Principle 1.3.9, the links to the PDP announcements associated with the transactions that are not approved by the majority of independent members or by unanimous votes of the present members	No such process was carried out as part of Principle 1.3.9.
The links to the PDP announcements associated with related party activities carried out as part of article 9 of the Communique on Corporate Governance (II-17.1)	In 2021, no such process was carried out as part of article 9 of the Communique on Corporate Governance.
The links to the PDP announcements associated with common and continuous activities as part of article 10 of the Communique on Corporate Governance (II-17.1)	In 2021, no such process was carried out as part of article 10 of the Communique on Corporate Governance.
The name of the section that presents the donations and grants policy on the Company website	Investor Relations section includes the related information both under "Annual Reports" section and "Minutes of General Assembly" section under the "Announcements" segment.
The link to the PDP announcement that presents the minutes of the General Assembly meeting in which the donations and grants policy was approved	https://www.kap.org.tr/tr/Bildirim/926387
The number of the provision in the Articles of Association that discuss the participation of stakeholders to the General Assembly meeting	None.
Information on the stakeholders participating in the General Assembly	Company General Assembly is held as per the relevant Turkish Commercial Code and Capital Market Board provisions, being open to all shareholders, employees and physical persons permitted to participate in the assembly as part of the relevant regulations.
1.4 RIGHT TO VOTE	
Whether there is any privilege in the right to vote	No
If yes, indicate privileged shareholders and their percentage of shares	None.
Specify the percentage of share of the shareholder that owns the largest percentage of share	9.51
1.5 MINORITY SHAREHOLDER RIGHTS	
Whether the scope of minority rights extended (in terms of content or ratio) in the Articles of Association of the Company	No
If yes, specify the relevant provision of the Articles of Association	Not extended.

CORPORATE GOVERNANCE INFORMATION FORM

1.6 DIVIDEND RIGHT	
The name of the section on the corporate website that describes the Dividend Distribution Policy	The information can be accessed on www.sarkuysan.com under Homepage/Investor Relations/Annual Reports section.
Minutes of the relevant agenda item in case the Board of Directors proposed to the General Assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	Dividend will be distributed.
PDP link to the related General Assembly meeting minutes in case the Board of Directors proposed to the General Assembly not to distribute dividends	No proposal of not distributing dividends.
2. PUBLIC DISCLOSURE AND TRANSPARENCY	
2.1. CORPORATE WEBSITE	
Specify the sections of the Company website providing the information requested by the corporate governance principle 2.1.1.	Information specified under Corporate Governance Principles item 2.1.1 are disclosed on our Company's website, www.sarkuysan.com , under the titles within "Investor Relations" section and again under the "Sarkuysan at Istanbul Stock Exchange" section on the homepage.
Specify the section on the website providing the list of real person shareholders who directly or indirectly own more than 5% of the shares	The information can be accessed on www.sarkuysan.com under Homepage/Investor Relations/Partnership and Capital Structure section.
List of languages for which the website is available	Turkish/English
2.2. ANNUAL REPORT	
PAGE NUMBERS AND/OR NAME OF THE SECTIONS IN THE ANNUAL REPORT THAT DEMONSTRATE THE INFORMATION REQUESTED BY CORPORATE GOVERNANCE PRINCIPLE 2.2.2.	
a) Page numbers and/or name of the sections in the annual report that demonstrate the information on the duties of the Members of the Board and executives conducted out of the Company and statements of independence of Members of the Board	The information is provided under "Corporate Governance Principles Compliance Report" section of the Company's annual report.
b) Page numbers and/or name of the sections in the annual report that demonstrate the information on committees built under the Board of Directors	The information is provided under "Corporate Governance Principles Compliance Report" section of the Company's annual report.
c) Page numbers and/or name of the sections in the annual report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	The information is provided under "Corporate Governance Principles Compliance Report" section of the Company's annual report.
cc) Page numbers and/or name of the sections in the annual report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	There are no amendments in the legislation which may significantly affect the activities of the corporation.
d) Page numbers and/or name of the sections in the annual report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	There are no significant lawsuits filed against the corporation.
e) Page numbers and/or name of the sections in the annual report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and measures taken by the corporation in order to avoid these conflicts of interest	No consultancy or rating services are procured.
f) Page numbers and/or name of the sections in the annual report that demonstrate the information on the cross-ownership subsidiaries that the direct contribution to the capital exceeds 5%	There is no such cross-ownership subsidiary.
g) Page numbers and/or name of the sections in the annual report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the Company activities that arises social and environmental results	The information is provided under "Human Resources Policy" title of the "Corporate Governance Principles Compliance Report" section of the Company's annual report.

Corporate Governance Compliance Report

CORPORATE GOVERNANCE INFORMATION FORM

3. STAKEHOLDERS	
3.1. COMPANY POLICY REGARDING STAKEHOLDERS	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	No remedy or severance policy is published on the Company's website.
The number of definitive convictions the Company was subject to in relation to breach of employee rights	None.
The title of the person responsible for the alert mechanism	Human Resources Manager / 0 262 676 66 00
The contact detail of the Company's alert mechanism	Human Resources Manager / 0 262 676 66 00
3.2. SUPPORTING THE ENGAGEMENT OF THE STAKEHOLDERS TO THE MANAGEMENT OF THE COMPANY	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	The information is provided under "Stakeholders" title of the "Corporate Governance Principles Compliance Report" section of the Company's annual report.
Management bodies where employees are represented	Union
3.3. COMPANY'S HUMAN RESOURCES POLICY	
The role of the Board on developing and ensuring that the Company has a succession plan for the key management positions	The Board of Directors are fully authorised for the assignments to key management positions.
The name of the section on the corporate website that demonstrates the Human Resources Policy covering equal opportunities and recruitment principles and a summary of relevant parts of the Human Resources Policy	The information is provided under the "Investor Relations" section on the homepage of our corporate website and under the "Human Resources Policy" title of the "Corporate Governance Principles Compliance Report" section of the Company's annual report.
Whether the Company provides an employee stock ownership plan	None.
The name of the section on the corporate website that demonstrates the Human Resources Policy covering discrimination and mistreatments and the measures to prevent them; and a summary of relevant parts of the Human Resources Policy	The information is provided under the "Investor Relations" section on the homepage of our corporate website and under the "Human Resources Policy" title of the "Corporate Governance Principles Compliance Report" section of the Company's annual report.
The number of definitive convictions the Company is subject to in relation to health and safety issues	None.
3.5. CODE OF ETHICS AND SOCIAL RESPONSIBILITY	
The name of the section on the corporate website that demonstrates the Code of Ethics	The information is provided under the "Investor Relations" section on the homepage of our corporate website and under the "Code of Ethics and Social Responsibility" title of the "Corporate Governance Principles Compliance Report" section of the Company's annual report.
The name of the section on the Company website that demonstrates the Corporate Social Responsibility Report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues	The information is provided under the "Investor Relations" section on the homepage of our corporate website and under the "Code of Ethics and Social Responsibility" title of the "Corporate Governance Principles Compliance Report" section of the Company's annual report.
Any measures combating any kind of corruption including embezzlement and bribery	All required measures are taken by double signatures for all activities, control of supervisor, Enterprise Resource Planning (SAP) activities and authorisation.

CORPORATE GOVERNANCE INFORMATION FORM

4. BOARD OF DIRECTORS-I	
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS	
Date of the last Board evaluation conducted	None.
Whether the board evaluation was externally facilitated	No.
Whether all board members released from their duties	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	Hayrettin ÇAYCI Chairman, assigned in Executive position, Hamit Mücellit Deputy Chairman, assigned in Executive position, A. Hamdi BEKTAŞ Member of the Board, assigned in Executive position, Cenap TAŞKIN Member of the Board, assigned in Executive position, Maksut URUN Member of the Board, not assigned in Executive position, Nurtekin Keçeci Member of the Board, not assigned in Executive position, Turgay ŞOHOĞLU Member of the Board, not assigned in Executive position, Bekir MENETLİOĞLU Member of the Board, not assigned in Executive position, Fatma Burcu CESUR Member of the Board, not assigned in Executive position, Mehmet BAHTİYAR Member of the Board, not assigned in Executive position, Ayhan ZEYTİNOĞLU Member of the Board, not assigned in Executive position, Virma SÖKMEN Member of the Board, not assigned in Executive position (No unlimited power of decision is given to anybody in our Company. Representation and binding of the Company in all transactions shall be JOINTLY signed by the Chairman or Deputy Chairman, as well as a Member of Board with the related authority or the Managing Director.)
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	None.
The name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	The information is provided under "Internal Audits" and "Risks and Assessment of the Board of Directors" titles of the annual report.
Full Name of the Chairman	Hayrettin Çaycı
Full Name of the CEO/Managing Director	Sevgür Arslanpay
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	Not combined.
Link to the PDP notification stating that any damage that may be caused by the Members of the Board of Directors during the course of their duties is insured for an amount exceeding 25% of the Company's capital	Insured. The amount of the insurance coverage does not exceed 25% of the Company's capital.
The name of the section on the corporate website that demonstrates current diversity policy that has the goal to increase the percentage of Woman Directors	None.
Number and percentage of Woman Directors	There are 2 Woman Directors in the Board of Directors. Ratio: 16.66%

Corporate Governance Compliance Report

CORPORATE GOVERNANCE INFORMATION FORM

STRUCTURE OF THE BOARD OF DIRECTORS

Full Name of the Member of the Board	Whether Executive or Not	Whether Independent or Not	The First Election Date To Board
Hayrettin ÇAYCI	Executive	Not An Independent Member	22.12.1995
Hamit MÜCELLİT	Executive	Not An Independent Member	1.10.2010
A. Hamdi BEKTAŞ	Executive	Not An Independent Member	30.03.2005
Cenap TAŞKIN	Executive	Not An Independent Member	20.06.2013
Maksut URUN	Non-executive	Not An Independent Member	30.03.1998
Nurtekin KEÇECİ	Non-executive	Not An Independent Member	2.05.2016
Turgay ŞOHOĞLU	Non-executive	Not An Independent Member	28.03.2014
Bekir MENETLİOĞLU	Non-executive	Not An Independent Member	7.04.2017
Fatma BURCU CESUR	Non-executive	Not An Independent Member	29.06.2020
Mehmet BAHTİYAR	Non-executive	Independent Member	7.04.2017
Ayhan ZEYTİNOĞLU	Non-executive	Independent Member	12.04.2019
VİRMA SÖKMEN	Non-executive	Independent Member	29.06.2020

Link To PDP Notification That Includes The Statement of Independence	Whether the Independent Director Considered By The Nomination Committee	Whether There are any Members Losing Their Independence	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting and / or Finance
-	-	-	Yes
-	-	-	Yes
-	-	-	Yes
-	-	-	No
-	-	-	No
-	-	-	Yes
-	-	-	No
-	-	-	Yes
-	-	-	No
https://www.kap.org.tr/tr/Bildirim/668027	Evaluated	-	No
https://www.kap.org.tr/tr/Bildirim/826640	Evaluated	-	Yes
https://www.kap.org.tr/tr/Bildirim/917616	Evaluated	-	Yes

Corporate Governance Compliance Report

CORPORATE GOVERNANCE INFORMATION FORM

4. BOARD OF DIRECTORS-II	
4.4 NATURE OF BOARD MEETINGS	
Number of physical board meetings in the reporting period (meetings in person)	18
Director average attendance rate at board meetings	98.86
Whether the board uses an electronic portal to support its work	No.
Number of minimum days ahead of the Board meeting to provide information to directors, as per the Board charter	1 day
The name of the section on the corporate website that demonstrates information about the Board charter	The information is provided under "The Board of Directors" title of the "Corporate Governance Principles Compliance Report" section of the Company's annual report.
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	Some of the Company's Members of the Board are Executive Managers at other companies or Members in their Board of Directors. External commitments of the Board Members are permitted during the General Assembly as per articles 395 and 396 of TTC.
4.5. COMMITTEES BUILT UNDER THE BOARD OF DIRECTORS	
Page numbers or section names of the annual report where information about the Board committees is presented	The information is provided under "The Board of Directors" title of the "Corporate Governance Principles Compliance Report" section of the Company's annual report.
Link to the PDP announcement with the Board committee charters	https://www.kap.org.tr/tr/Bildirim/926393

COMMITTEES OF THE BOARD-I

Names of the Board Committees	Name of Committee Members	Surname of Committee Members	Whether Committee Chair or Not	Whether Board Member or Not
Audit Committee	Ayhan	ZEYTİNOĞLU	Yes	Member of the Board
Audit Committee	Mehmet	BAHTİYAR	No	Member of the Board
Audit Committee	Virma	SÖKMEN	No	Member of the Board
Corporate Governance Committee	Mehmet	BAHTİYAR	Yes	Member of the Board
Corporate Governance Committee	Turgay	ŞOHOĞLU	No	Member of the Board
Corporate Governance Committee	Fatma Burcu	CESUR	No	Member of the Board
Corporate Governance Committee	Bekir	MENETLİOĞLU	No	Member of the Board
Corporate Governance Committee	Şefiye	YAYLA	No	Not a Member of the Board
Early Risk Detection Committed	Virma	SÖKMEN	Yes	Member of the Board
Early Risk Detection Committed	Nurtekin	KEÇECİ	No	Member of the Board
Early Risk Detection Committed	Mehmet	BAHTİYAR	No	Member of the Board

CORPORATE GOVERNANCE INFORMATION FORM

COMMITTEES OF THE BOARD-II

Names of the Board Committees	The Percentage of Non-executive Directors	The Percentage of Independent Directors in the Committee	The Number of Meetings Held in Person	The Number of Reports on its Activities Submitted to the Board
Audit Committee	100%	100%	5	5
Corporate Governance Committee	100%	20.00%	2	2
Early Risk Detection Committed	100%	66.67%	6	6

4. BOARD OF DIRECTORS-III

4.5. COMMITTEES BUILT UNDER THE BOARD OF DIRECTORS-II

Specify where the activities of the audit committee are presented in your annual report or the website.	The information is provided under "The Board of Directors" title of the "Corporate Governance Principles Compliance Report" section of the Company's annual report.
Specify where the activities of the corporate governance committee are presented in your annual report or the website.	The information is provided under "The Board of Directors" title of the "Corporate Governance Principles Compliance Report" section of the Company's annual report.
Specify where the activities of the nomination committee are presented in your annual report or the website.	The information is provided under "The Board of Directors" title of the "Corporate Governance Principles Compliance Report" section of the Company's annual report.
Specify where the activities of the early detection of risk committee are presented in your annual report or website.	The information is provided under "The Board of Directors" title of the "Corporate Governance Principles Compliance Report" section of the Company's annual report.
Specify where the activities of the remuneration committee are presented in your annual report or the website.	The information is provided under "The Board of Directors" title of the "Corporate Governance Principles Compliance Report" section of the Company's annual report.

4.6. FINANCIAL RIGHTS GIVEN TO THE MEMBERS OF THE BOARD AND ADMINISTRATIVE EXECUTIVES

Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	The information is provided under "Financial Status" section of the Company's annual report.
Specify the section of website where remuneration policy for executive and non-executive directors are presented	The information is provided under the Investor Relations Section on the Homepage of our corporate website and under the "The Board of Directors" title of the "Corporate Governance Principles Compliance Report" section of the Company's annual report.
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	The information is provided under "The Board of Directors" title of the "Corporate Governance Principles Compliance Report" section, as well as the "Financial Rights Given to the Members of the Board and Senior Executives" section of the Company's annual report.

GENERAL ASSEMBLY MEETINGS

DATE OF THE GENERAL ASSEMBLY	NUMBER OF ADDITIONAL EXPLANATION REQUESTS SUBMITTED TO THE COMPANY REGARDING THE GENERAL ASSEMBLY AGENDA	SHAREHOLDER ATTENDANCE RATE TO THE GENERAL ASSEMBLY	PERCENTAGE OF SHARES THAT ARE DIRECTLY REPRESENTED	PERCENTAGE OF SHARES THAT ARE REPRESENTED BY A PROXY	TITLE OF THE SECTION ON THE COMPANY WEBSITE THAT INCLUDES THE MINUTES OF THE GENERAL ASSEMBLY MEETING, SHOWING THE YEA AND NAY VOTES FOR EACH AGENDA ITEM	TITLE OF THE SECTION ON THE COMPANY WEBSITE THAT INCLUDES ALL QUESTIONS ASKED AND THE ANSWERS PROVIDED AT THE GENERAL ASSEMBLY MEETING	ARTICLE OR PARAGRAPH NUMBER OF THE MINUTES OF THE GENERAL ASSEMBLY REGARDING RELATED PARTIES	NUMBER OF PEOPLE WHO HAVE PRIVILEGED ACCESS TO PARTNERSHIP INFORMATION AND NOTIFIED THE BOARD OF DIRECTORS (INSIDER LIST)	LINK TO THE ANNOUNCEMENT OF THE GENERAL ASSEMBLY PUBLISHED ON PDP
9.04.2021	0	75,73%	19,41%	56,32%	Investor Relations/ Announcements/ Minutes of Meeting	Investor Relations/ Announcements/ Minutes of Meeting	-	52	https://www.kap.org.tr/tr/Bildirim/917619

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INVESTOR RELATIONS DEPARTMENT

The Investor Relations Department directly reports to Ümit Uluçam, Deputy Managing Director, Financial Affairs and Şefiye YAYLA, Commercial Accounting Manager, Uğur BULAT, Commercial Accounting Chief, and Demet CİZRELİOĞULLARI, Legal Advisor, are assigned to this unit. Mrs. Şefiye YAYLA, Investor Relations Unit Manager, has Capital Market Activities (SPF) Level 3 License (202248) and Corporate Governance Rating License (700932).

In line with the requirements of Corporate Governance Principles, Şefiye YAYLA is also appointed as a Member of Corporate Governance Committee.

Şefiye Yayla-Investor Relations Unit Manager

Phone : 0 262 676 66 00 / 3275

Fax : 0 262 676 66 82

E-mail : yatirimciiliskileri@sarkuysan.com

Uğur Bulat-Investor Relations Unit Member

Phone : 0 262 676 66 00 / 3276

Fax : 0 262 676 66 82

E-mail: yatirimciiliskileri@sarkuysan.com

Demet Cizrelioğulları-Investor Relations Unit Member-Legal Counsel

Phone : 0 262 676 66 00 / 3277

Fax : 0 262 676 66 82

E-mail: yatirimciiliskileri@sarkuysan.com

The Investor Relations Department is responsible for ensuring that the investor relations are conducted as part of Corporate Governance Principles, following the changes that occur in the regulations concerning the Capital market Board Law and making sure that the concerned departments in the Company are informed, maintaining the relationship between the Capital Market Board (CMB), the Istanbul Stock Exchange (BIST) and the Central Records Agency (MKK) and representing our Company.

Information and disclosures of a nature that could affect the use of shareholder rights are presented to the attention of shareholders on our website, www.sarkuysan.com. In 2021, our Company has made 33 special situation disclosures on the Public Disclosure Platform. Material events were disclosed according to the "Material Events" communiqué and no sanctions were imposed by the CMB and Borsa Istanbul. The verbal applications, which were made by investors to our Company within the period, were also responded.

Investor Relations Unit prepares an annual report regarding its activities and submits this report to the Corporate Governance Committee within the first two months of the following year.

1. SHAREHOLDERS EXERCISING THEIR RIGHT TO INFORMATION

1.1 FACILITATING USE OF SHAREHOLDER RIGHTS

Updated information and disclosures that may affect the use of shareholder rights are presented to the attention of the investors on the corporate website.

1.2 RIGHT TO DEMAND AND REVIEW INFORMATION

While there is no article concerning the appointment of a special auditor in our articles of association, our Company avoids actions that may complicate special audit and in 2021 there were no requests of a special audit from shareholders.

Investors can obtain answers to anything they want to know about our Company from the 0 262 666 66 00 / Extension 3275 and 3276 telephone numbers. The e-mail address of Investor Relations, yatirimciiliskileri@sarkuysan.com, can be used by shareholders to have all their questions answered other than information that has not been disclosed to the public, that is confidential and of a commercial secret nature. The inquiries of our partners who choose to contact us via mail will be answered immediately.

Information and disclosures of a nature that could affect the use of shareholder rights are presented to the attention of shareholders on our website www.sarkuysan.com under "Investor Relations" menu. Also, following the agreement signed with MKK, the sub-section "Information Society Services" was included under the "Investor Relations" section and through the link provided

here, services can be accessed over the e-COMPANY Portal on MKK, thus fulfilling the obligations specified in Article 1524 of the TCC and the Regulation.

1.3 GENERAL ASSEMBLY

Company's General Assembly Meetings and invitation to General Assembly are organised in a way that provides adequate information to the shareholders and wide participation of the shareholders as per Turkish Commercial Code, Capital Market Regulation, General Assembly Internal Directive and Corporate Governance Principles. Ordinary General Assembly Meeting with regard to 2020 annual period was held on 09.04.2021 at the headquarters of the Company. Shareholders acting as principal or agent have participated in the meeting which was organised in the electronic environment along with physical attendance and 75.73% participation was achieved.

Call for General Assembly meeting is announced 3 weeks before the General Assembly as per Corporate Governance Principles Communiqué, on the same date as the Board of Directors decree dated 11.03.2021, via Special Occasion Announcement made through Public Disclosure Platform and Electronic General Assembly System (EGKS). Call for General Assembly meeting was advertised in Turkish Commercial Registry Gazette dated 16.03.2021, in Gebze Newspaper and Company website on 17.03.2021 as per the obligatory regulations in order to inform shareholders and enable highest participation for the meeting. Additionally, an announcement was made regarding the General Assembly Meeting to the shareholders of Group A Registered Shares by a letter dated 17.03.2021. The agenda of the meeting, information regarding the meeting, a copy of power of attorney and signature declaration were attached to the letters. At least three weeks before the General Assembly meeting date, excluding announcement and meeting dates, the Consolidated Financial Statements and the Annual Report were made available to shareholders as part of the Turkish Commercial Code no 6102, article 437.

We negotiated with the Company Medianova Internet Hizmetleri ve Tic. A.Ş. for an Electronic General Assembly Meeting per the Turkish Commercial Code number 1524 and article 34 of our Articles of Association. On the day of our Company's general assembly meeting the audio and video of our meeting was broadcasted by 3 cameras on the internet by connecting to the Central Records Agency.

Privileged persons who have the opportunity to obtain partnership information have not taken action as part of the activity subject of the partnership in their own name.

The Members of the Board, other concerned individuals, authorities in charge of preparing the financial statements and the auditors were present at the General Assembly meeting to answer questions and provide information about the subjects on the agenda. During General Assembly meeting, items in the agenda are conveyed to the shareholders in an unbiased, clear and detailed manner. During General Assembly meeting, shareholders and stakeholders who participated in the meeting evaluated the questions asked in EGKS environment electronically as well as physically as per the related regulation and answers were given by the Members of the Board of Directors and Senior Managers; no question was left unanswered.

Company General Assembly is held as per the relevant Turkish Commercial Code and Capital Market Board provisions, being open to all shareholders, employees and physical persons permitted to participate in the assembly as part of the relevant regulations. During the General Assembly meeting, information was provided to the partners under a separate agenda item about the donations and aids given out within the period and a decision was made on the upper limit for donations in 2021. All of the decisions concerning the meeting agenda matters discussed in the General Assembly and the minutes of General Assembly meeting including the dividends were published on PDP, EGKS and e-Company portals as well as our Company's corporate website, www.sarkuysan.com.tr, after the meeting.

1.4 RIGHT TO VOTE

While the Company avoids all practices that make it difficult for shareholders to use their votes, the necessary mechanisms have been established to help shareholders vote easily and properly, even outside the borders. Hence, shareholders who have the right to participate in General Assembly Meetings are able to attend these meetings in electronic setting per Turkish Commercial Code article 1527 according to articles 21 and 34 of the Articles of Association concerning Attendance in General Assembly Meetings Electronically. At the 2020 Ordinary General Assembly meeting the system established according to this provision of the Articles of Association was used to enable shareholders and their representatives to use their votes. No privileges are recognised concerning voting rights in the Company's Articles of Association. There is one vote per share in the Ordinary and Extraordinary General Assemblies. Shareholders may attend the General Assembly meetings by proxy with a power of attorney issued in the name of shareholders or non-shareholders representing them. Power of attorney holders who are also shareholders shall have the right to use their own vote plus the vote of the share they are representing. The power of attorney form is determined and announced by the Board in accordance with the CMB. There are no privileges concerning the use of votes. Only as a requirement of our Articles

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of Association, during the election of Board of Directors, 5 of the Members of the Board are selected amongst the candidates nominated by shareholders of the (A) group and 4 candidates nominated by the (B) group shareholders, after which the selection is carried out in the General Assembly. The Company has not voted in a General Assembly of a partnership, in which the Company has cross-ownership that also brings rulership.

1.5 MINORITY SHAREHOLDER RIGHTS

The Company pays utmost attention for the minority shareholders to use their rights. The Company agrees that the related legislation in terms of the use of minority shareholder rights is sufficient. No extension was included in the Articles of Association regarding the minority shareholder rights.

1.6 DIVIDEND RIGHT

There are no privileges on dividend rights and profit is distributed equally to all existing shares. The Company has a specific and consistent dividend distribution policy. This policy is presented to the partners for approval at the General Assembly meeting and is disclosed on our Company's corporate website. Profit is distributed according to the policy provisions.

Dividend Distribution Policy

- The annual profit of the Company is distributed per General Assembly meeting decision in accordance with the Dividend Distribution policy formulated in accordance with the Turkish Commercial Code, Capital Market Law, appropriate regulations and Company's Articles of Association.
- The Board determines its proposal for dividend distribution in line with appropriate legal provisions and by observing the sensitive benefit balance between shareholders and the Company.
- The decision of whether to distribute profit or not is taken during the General Assembly upon the proposal of the Board. The Board's proposal for dividend distribution is publicly disclosed together with the dividend distribution scheme, for which the format and content are defined by the capital markets board, in line with CMB's regulations on the disclosure of material events, on the date when the agenda of the General Assembly meeting is announced at the latest, and then posted in the Company's corporate website.
- The dividend distribution process is initiated no later than the end of accounting period for which the General Assembly meeting where dividend distribution is decided is held.
- The profit may be paid in instalments of equal or different amounts subject to the further appropriate decision taken at the general assembly meeting. The number and timing of instalments are determined during the General Assembly meeting or by the Board of Directors authorised thereby.
- Instalment payments are distributed equally to all of the shares existing as of the date of payment pro rata their shares in capital, regardless of their dates of issuance and acquisition.
- The dividend per share is found by dividing the profit to be distributed to shareholders under the General Assembly meeting decision by total number of shares.
- There is no share certificate granting any privilege for dividend share.
- Since the share certificates of the Company are registered on account as per the applicable regulations, dividend payments are deposited to Takasbank A.Ş. for further transfer to the accounts of shareholders with brokers and banks upon Central Registry's request on the date specified by the General Assembly.
- Dividend distribution is affected in accordance with Turkish Commercial Code, Capital Market Law, applicable regulations and the Company's Articles of Association.
- The Company's Articles of Association should contain a specific provision for dividend distribution to the Members of the Board and Company's employees.
- The Company's Articles of Association should contain a provision to make donations. The limit of donation is designated defined during the General Assembly meeting. Donations made within the given fiscal period are added to the distributable profit base. The donations and payments to be made are presented to the partners in the ordinary General Assembly.
- The dividend distribution policy is formulated in accordance with the Turkish Commercial Code, Capital Market Law appropriate legal regulations and the Company's Articles of Association, and included in the annual report. Shareholders are informed accordingly during the General Assembly meeting.
- In the event that it is proposed to make an amendment to the dividend distribution policy, the Board resolution on this matter and justification thereof are publicly disclosed in accordance with CMB's regulations on the public disclosure of material events.

1.7 TRANSFER OF SHARES

There are no restrictions that make transfer of shares difficult. All of the A and B Group shares that were issued against our Company's issued capital have been listed in the Stock Exchange. Whilst the Group A registered shares are not traded, the B group shares are issued to the holder and traded. Per article 7 of the Company's Articles of Association "Founding partners who wish to sell their Group (A) Registered Shares shall first propose their intention in writing through the Board to the other partners. If none of the founding partners states an interest in the said shares at market value or the real value of the share stock this share may be sold to an outsider. All sales, which are not done accordingly, shall be considered invalid by the Company and shall not be entered on the Company ledgers."

2.1 CORPORATE WEBSITE

The objective of disclosure policy is to share the performance, expectations, strategies, targets, and visions of the Company except for confidential business information with the public, relevant authorities, existing and potential investors and shareholders through an active and open communication medium. This policy is presented to the approval of the partners during the General Assembly meeting and is disclosed to the public in the annual report and on our Company's website.

The Sarkuysan website www.sarkuysan.com is actively used by the Company in public disclosure as recommended by the CMB Corporate Governance Principles. The disclosures on the website do not take the place of notifications and material disclosures required by the Capital Markets Board. The website is prepared in Turkish and in English with the content and format set forth by the CMB Corporate Governance Principles. In accordance with Article 1527 of the Turkish Commercial Code, a specific part of the corporate website is dedicated to legal announcements. This section is available through "Information Society Services" in our corporate website. The Investor Relations part of our corporate website contains the Company's trade registration details, most recent shareholding and management structure, details of preferred shares, announcements, date and issue no of the Turkish Commercial Registry Gazette announcing the amendments to the Company's Articles of Association, Company's up-to-date Articles of Association, material event disclosures, annual reports, announcements for General Assembly meetings, sample agenda and power of attorney, list of attendance, meeting minutes, dividend distribution policy, disclosure policy, frequently asked questions and answers thereto. In the part "Sarkuysan on Istanbul Stock Exchange" of our website, all details about the Company posted in Istanbul Stock Exchange's corporate website are available. The corporate website further contains stock prices, charts, prices of some precious items as well as news about Sarkuysan and all other related news and exchange rates.

2.2 ANNUAL REPORT

The Board of Directors ensures that annual report reflects Company activities completely and correctly. The Company's annual report is prepared according to the provisions in the Regulation on Determining the Minimum Contents of Company Annual Reports published in the Official Gazette no 28395 dated August 28, 2012, the periods in the Communique on Principles Concerning Financial Reporting in the Capital Markets (II - 14.1) and as part of Corporate Governance Principles and are disclosed to the public.

3.1 COMPANY POLICY REGARDING STAKEHOLDERS

The rights of all our stakeholders and employees are protected and they are informed efficiently as part of our information disclosure policy concerning Company activities. Stakeholders are organisations or interest groups like employees, creditors, customers, suppliers, unions and various nongovernmental organisations that are involved in our Company's reaching its goals or in its activities. The Company protects the rights of stakeholders that are organised by relevant regulations and mutual contracts in its operations and activities. In cases where the rights of stakeholders are not protected under regulations and mutual contracts, the rights of stakeholders are protected as part of good faith and to the extent of the Company's capabilities.

Our Company forms the necessary mechanisms to forward any acts of stakeholders that are in violation of our Company's relevant regulations and ethically unsuitable to the corporate governance committee or the committee in charge of auditing.

3.2 SUPPORTING THE ENGAGEMENT OF THE STAKEHOLDERS TO THE MANAGEMENT OF THE COMPANY

In order to encourage the participation of personnel at all levels in the management, regular management meetings are held with the attendance of department managers and executive managers. The "Suggestion System" for employees is actively used. In 2021, 68 of the 133 suggestions were accepted. Those whose suggestions are chosen to be the best are rewarded every year. All of the operations and processes of our Company are carried out in accordance with the ISO 9001 quality management system procedures. While there are no provisions in the Company's Articles of Association concerning employee participation in the management, the principle to employ personnel who have been raised within the Company for vacancies in senior management positions has been adopted.

Corporate Governance Compliance Report

3.3 COMPANY'S HUMAN RESOURCES POLICY

The Company adopted an employment policy that ensures equal opportunity. This is indicated in the Human Resources Policy section of Company Annual Report Corporate Governance Principles Compliance Report section. The Succession Policy is currently being developed. Action is taken in line with the Human Resources Policy broadcasted on the Company website.

When forming employment policies and planning careers, the principle of providing equal opportunity to people in equal conditions is implemented. Employees are treated fairly in all rights and training programs are provided to increase their knowledge, skills and experience. Meetings are organised to inform employees and get their views on the financial status of our Company, salaries, career, training and healthcare. Periodic bulletins and announcements as necessary are issued to achieve an efficient communication network to inform employees, increase their motivation and develop good relations and communication.

Decisions that are made concerning the employees or developments about the employees are notified to the employee or their representatives and if deemed necessary the views of the concerned unions are obtained for these types of decisions.

Various measures have been taken to prevent discrimination among employees and protect them against physical, mental and emotional abuse within the Company and these include procedures, trainings, awareness raising, targets, tracking, grievance mechanisms.

Our Company effectively supports the freedom to establish organisations and collective labour agreements. Relations with employees as part of Collective Labour Contracts are conducted through representatives. As an employer, the Company is a member of the Turkish Metal Industrialists (MESS) and its blue-collar workers are members of the United Metal Labour Union.

A safe work environment and conditions are provided to our employees. As part of the "ISO 9001 Quality Management System" job descriptions and our booklet titled "The Basic Sources of Our Corporate Culture", which includes Our Quality Policy, Our Personnel Guidelines, Our Collective Labour Contract and Our Corporate Behaviour Principles, is given in printed form to each employee. The "Occupational Health & Safety Handbook" is handed to our workers with priority as part of our activities which we carry out to prevent occupational accidents. Applications like vaccination, health screening and medical follow up is carried out meticulously to protect employee health, which is a top priority of the Company. The necessary work as part of standards under the "OHSAS 18001 Occupational Health and Safety" management system certificate we possess is carried out in integration with our legal obligations. All of our employees and their spouses and children are covered under a group personal injury insurance policy 24/7 and 365 days a year.

Various social, athletic and artistic events are organised to motivate employees. Our Sarkuysan Tennis Table team has won domestic and international championships and a number of different achievements while we also have different activities in music.

Our Turkish Music Chorus, which is composed of our staff members, gives concerts to the local people in Gebze. Furthermore, folk dancing and Pilates activities continue.

3.4 RELATIONSHIPS WITH CUSTOMERS AND SUPPLIERS

The Company has measured customer satisfaction and has been operating based on the principle of unconditional customer satisfaction. Customers are informed in case there is a delay in processing their requests regarding products and services they have purchased. The Company is committed to the quality standards regarding products and services. The Company has the necessary measures in place to protect the confidentiality of sensitive information of customers and suppliers as part of commercial secret.

3.5 ETHICAL RULES AND SOCIAL RESPONSIBILITY

The Ethics Code of the Company is explained to the employees under the "Corporate Behaviour Principles" titles within "The Basic Principles of the Company Culture" manual.

Partnership is sensitive to social responsibility. Measures have been taken to prevent corruption and bribery.

Our Company presents its governance undertakings concerning the environment and health and safety with its "Environment, Health and Safety Policy" which it has disclosed to the public through our Company website.

Being aware of its social responsibilities, Sarkuysan continuously develops social projects at all fields. Accordingly;

Frej Han, renovated and used as Company Headquarters for several years, is an important contribution to our cultural legacy. The

Company contributes to education by building the Sarkuysan High School in Gebze and the Sarkuysan Elementary School in Darica and by granting non-refundable scholarships to higher education students. Sarkuysan also supports State Religious Affairs with the Sarkuysan Mosque inspired by and built as an Ottoman Architectural complex. Contributing to health sector by allocating the funds reserved in the beginning of the year for the urgent medical device needs of a health institution, the Company also supports sports with its Table Tennis Team that frequently represents our country successfully in the European Cup Championship. Contributing to arts with its Turkish Music Choir, Folk Dance group consisting of its employees, the Company pays utmost attention to the environment by developing forestation areas. And the last but not the least is that Sarkuysan promotes our country by hosting international events. There are no cases filed against our Company for environmental damage in this period.

4.1 FUNCTION OF THE BOARD OF DIRECTORS

The Board of Directors ensures that strategies and risks do not threaten long-term interests of the Company and implementation of an effective risk management. Meetings' agendas and minutes show that the Board of Directors discusses and approves strategic targets of the Company, determines the required resources and supervises performance of the management.

4.2 ACTIVITIES OF THE BOARD OF DIRECTORS

The Board of Directors has documented its activities and informed shareholders of these.

The Board of Directors has created an internal audit system suitable to the scale of the Company and complexity of the activities. Information regarding processes and effectiveness of internal audit system are given in the annual report.

The Chairman and the Managing Director positions are filled by two different persons. The Board of Directors ensures effective operation of investor relations department and corporate governance committee and works in close cooperation with investor relations department and corporate governance committee to resolve conflicts between Company and shareholders and in communication with shareholders.

According to the Company's Articles of Association, the management of the Company is carried out as part of Turkish Commercial Code provisions and the Capital Markets Board Regulation by 12 members, 9 of which are regular members and 3 of which are independent members, to be elected by General Assembly decision from among the 5 candidates nominated by A Group shareholders and 4 candidates to be nominated by B Group shareholders. The Members of the Board must be determined as to assist conducting efficient and constructive work, making fast and rational decisions and effectively organising the formation work of the committees.

Some members of the board are assigned in executive positions whilst others are not. (Members of the Board who are not assigned in an executive function are individuals that, except for membership, do not have any other management position in the Company or an executive department that reports to them and are not involved in the daily work flow and ordinary activities of the Company.) Amongst the Members of the Board who are not assigned in an executive function, there are independent members with the ability to carry out their duties without being under any kind of influence.

As part of the duties of Members of the Board of Directors and managers, managers' liability insurance with 5 million Euro worth of securities was put in place to pay damages against liabilities they may be held responsible for personally.

4.3 STRUCTURE OF THE BOARD

In the Ordinary General Assembly Meeting held in 2021, 3 independent members who fully meet the criteria set forth by the Capital Markets Board's communique no. II-17.1 were elected. The Independent Members of Board submitted their independence declarations and background information to the Corporate Governance Board before the General Assembly Meeting. No incidents that would invalidate the independent status of our Independent Board Members occurred in this activity period.

In accordance with the decision taken in the General Assembly meeting dated 29.06.2020, the terms of duty for the Members of the Board elected is 3 years; while in accordance with the decision taken in the General Assembly meeting dated 09.04.2021, the terms of duty for the Independent Members of the Board elected is 1 year; and it was decided by the General Assembly decision that the members of the Board of Directors be allowed to carry out transactions in accordance with articles 395 and 396 of the Turkish Commercial Code and the Capital Market Board regulations.

With the objective of carrying out the duties and responsibilities of our Board efficiently, an "Audit Committee", a "Corporate Governance Committee" and an "Early Risk Detection Committee" were established in line with Board decision 1351/12.41 dated 18.09.2012 and these committees conduct their activities as part of their specified operation principles. However, since a separate nomination committee and remuneration committee have not been established due to the structure of the Board, the corporate governance committee carries out the duties of these committees. No conflicts of interest occurred in the committees in 2021.

Corporate Governance Compliance Report

STRUCTURE OF THE BOARD OF DIRECTORS

Name-Surname	Position	Executive or Not	Independent Member of the Board or Not
Hayrettin ÇAYCI	Chairman	Executive	Not An Independent Member
Hamit MÜCELLİT	Acting Chairman	Executive	Not An Independent Member
A. Hamdi BEKTAŞ	Member	Executive	Not An Independent Member
Cenap TAŞKIN	Member	Executive	Not An Independent Member
Maksut URUN	Member	Not Executive	Not An Independent Member
Nurtekin KEÇECİ	Member	Not Executive	Not An Independent Member
Turgay ŞOHOĞLU	Member	Not Executive	Not An Independent Member
Bekir MENETLİOĞLU	Member	Not Executive	Not An Independent Member
Fatma Burcu CESUR	Member	Not Executive	Not An Independent Member
Ayhan ZEYTİNOĞLU	Member	Not Executive	Independent Member
Mehmet BAHTİYAR	Member	Not Executive	Independent Member
Virma SÖKMEN	Member	Not Executive	Independent Member

Latest Date of Election	Term of Office	Committees Assigned & Roles	Duties Outside the Company
29.06.2020	3 Years		Chairman and General Manager at Sarkuysan Group of Companies, Chairman of Turktrade
29.06.2020	3 Years		Vice Chairman and Member of Board at Sarkuysan Group of Companies
29.06.2020	3 Years		Vice Chairman and Member of Board at Sarkuysan Group of Companies
29.06.2020	3 Years		
29.06.2020	3 Years		Vice Chairman at Sarkuysan Group of Companies
29.06.2020	3 Years	Early Risk Detection	
29.06.2020	3 Years	Corporate Governance	
29.06.2020	3 Years	Corporate Governance	
29.06.2020	3 Years	Corporate Governance	
09.04.2021	1 Years	Audit, Corporate Governance Committees	President of Kocaeli Chamber of Industry, Vice President of Turkish Union of Chambers and Commodity Exchange
09.04.2021	1 Years	Audit, Corporate Governance, Early Risk Detection Committees	Academician at Yeditepe, Bahçeşehir and Kadir Has Universities
09.04.2021	1 Years	Audit, Early Risk Detection Committees	Member of Loan Committee at Yapı Kredi Bank

Corporate Governance Compliance Report

The tasks, principles of work and which members will comprise the committees is determined by the Board and disclosed on Public Disclosure Platform (PDP).

The managing director is not assigned in any of the committees.

The utmost care is taken to make sure that one Board Member is not assigned in more than one committee but members who have to serve on more than one committee due to the structure provide communication between the committees that serve in related matters and increase the ability to cooperate. The Board of Directors is of the opinion that the benefits expected from the committee work are being provided.

All kinds of resources and supports, which are required for the committees to fulfil their duties, are provided by the Board. The committees invite people, who they deem as necessary, to the meetings and obtain their views.

Committees utilise independent expert opinions on subjects they require concerning their operations. The fees for consultation which is needed by the committee are covered by the Company. However, in such a case, information about the person/company service is being acquired from and whether or not this person/company has any relation with the Company is included in our annual report.

Decisions that are made as a result of the independent work done by our committees are presented to the Board of Directors and the final decision is made by the Board of Directors. Committees put all their work in writing and keep records. Our committees meet at the frequency that is deemed necessary and explained in the working principles. Committees present reports containing information about their work and results of meetings to the Board of Directors.

4.4. NATURE OF BOARD MEETINGS

Our Board of Directors meets at least once a month as part of the provisions of the Articles of Association. The Chairman of the Board negotiates with the other Members and the Managing Director to determine the agenda of the Board meeting. Members make every effort to attend every meeting and voice their opinions at the meetings. All Members of the Board physically attended to the majority of the Board meetings. Work has been started to make sure remote participation can be made possible through technological means and this has been included in the Articles of Association.

The Board of Directors sets a minimum period for the members of the Board to be provided information and documents regarding the items of the agenda before the meeting is held. The opinions of members who did not attend the Board meeting but submitted their views in writing are presented to the information of other members.

Each member has the right for one vote on the Board.

How the Board of Directors meetings are to be held has been organised and also an internal guideline has been prepared as part of the TCC and relevant regulations. In 2021, the Board of Directors met 18 times.

The Board Members shall always consult to the Chairman and ask for matters to be added to the agenda.

The Independent Members of the Board have positive votes on the Board decisions concerning related party processes presented to the Members of the Board for approval.

The issues on the agenda in Board meetings are openly discussed in every aspect. The Chairman of the Board does the best to make sure that nonexecutive members actively attend the Board meetings. Board Members shall record their reasonable and detailed justifications for opposing votes on issues they disagree in the decision record. Minutes of the Board meeting shall indicate that all items in the agenda are discussed and records shall include the opposing views as well.

Members of the Board shall set aside sufficient time for Company work. If the Member of Board is an administrator or Board Member in another Company or provides consultation in another Company, it is essential that this situation does not cause a conflict, interests or disruptions in the member's work in this Company. Members of the Board are not restricted in assuming other duties outside of the Company.

4.5 COMMITTEES BUILT UNDER THE BOARD OF DIRECTORS

Independent Members of the Board are assigned to more than 1 committee. Members who have to serve in more than one committee shall enable communication between the committees that serve in related matters and increase the ability to cooperate. The committees invite people, whose views were deemed necessary to be heard, to the meetings and heard their views.

The Audit Committee

Our audit committee monitors the Company's accounting system, the disclosure of financial information to the public, independent auditing and the operation and efficiency of the internal control and auditing system. At least one of the Members of the Committee in charge of Auditing shall have 5 years of experience in auditing/accounting and finance.

The independent auditing Company that our Company will obtain services from and the services to be obtained from this Company are determined by the audit committee and presented to the Board for approval. The Company accounting and internal audit system, investigation and conclusion of complaints received by the Company concerning internal audit and the methods and criteria to be applied in the evaluation of disclosures concerning Company employees, Company accounting and independent audit as part of confidentiality principles are determined by the audit committee. The audit board makes an evaluation of the annual and interim financial statements to be disclosed to the public and their compliance with the accounting principles followed by the Company and their accuracy and submits the evaluations along with the opinions of Company administrators and independent auditors, in writing to the Board. The audit committee met 6 times in 2021 and the results of the meetings were recorded and decisions were presented to the Board of Directors. Explanations of the activities and meetings results of the audit committee are provided in the annual report. The number of audit committee's submission with written notification to the Board within the accounting period is included in the annual report.

THE AUDIT COMMITTEE

Name-Surname	Position in the Company	Duty in the Committee
Ayhan ZEYTİNOĞLU	Independent Member of Board	Chairman
Mehmet BAHTİYAR	Independent Member of Board	Member
Virma SÖKMEN	Independent Member of Board	Member

Corporate Governance Committee

Our corporate governance committee determines whether or not corporate governance principles are being implemented in our Company, if not the reasons for not implementing and the conflicts of interest that are generated by not fully complying with these principles, they make recommendations to the Board to improve the implementation of corporate governance applications and monitor the work of the investor relations department.

CORPORATE GOVERNANCE COMMITTEE

Name-Surname	Position in the Company	Duty in the Committee
Mehmet BAHTİYAR	Independent Member of Board	Chairman
Turgay ŞOHOĞLU	Member of the Board	Member
Bekir MENETLİOĞLU	Member of the Board	Member
Fatma Burcu CESUR	Member of the Board	Member
Şefiye Yayla	Investor Relations Manager	Member

Nomination Committee (within our Corporate Governance Committee)

The duties of this committee include forming a transparent system for selecting, evaluating and training suitable candidates for the Board and management positions with administrative responsibility, to determine policies and strategies on this subject, to make regular assessments of the structure and productivity of the Board and to submit suggestions to the Board on changes that could be made on these subjects.

Remuneration Committee (within our Corporate Governance Committee)

This committee determines the principles, criteria and applications to be used in the remuneration of the Members of the Board and managers with administrative responsibilities taking into account the long-term goals of the Company and monitors the application thereof. The committee presents recommendations for the wages to be paid to the Members of the Board and managers with administrative responsibility considering their degree of meeting the criteria used in remuneration to the Board.

Early Risk Detection Committed

The early risk detection committee works to detect the risks that could endanger our Company's existence, development and continuation, to take precautions concerning the detected risks and manage the risks; and reviews the risk management systems at least once a year. Additionally, the committee meets at least once in every two months and gives reports to the Board on their work.

Corporate Governance Compliance Report

EARLY RISK DETECTION COMMITTEE

Name-Surname	Position in the Company	Duty in the Committee
Virma SÖKMEN	Independent Member of Board	Chairman
Mehmet BAHTİYAR	Independent Member of Board	Member
Nurtekin KEÇECİ	Member of the Board	Member

4.6 FINANCIAL RIGHTS GIVEN TO THE MEMBERS OF THE BOARD AND ADMINISTRATIVE EXECUTIVES

The principles of remuneration for the members of the Board and administrative executives have been transferred into written form and presented to the information of shareholders as a separate item on the agenda at the General Assembly meeting dated 09.04.2021. Our partners are given the opportunity to submit their opinions on the subject.

Dividends, profit options or payment plans based on the Company's performance cannot be used in the remuneration of Independent Members of the Board. In fact, the remunerations of our Independent Members of the Board are determined at a level that will maintain their independence. Our Company has not provided credit facilities to any of the Members of the Board or executives with administrative responsibilities, has not given loans or extended the term of the loan that was given, has not improved the conditions of loan, has not provided credit facilities under the title of a personal credit through third parties or has not given guarantees on behalf of these such as indemnity.

All other benefits acquired with the remunerations given to the Members of the Board and administrative executives have been disclosed to the public via the annual report.

The wages, attendance fees and dividends from the annual profit of Board Members and administrative staff have been transferred to written form. The criteria and remuneration principles have been presented as a separate agenda subject in the General Assembly meeting dated 09.04.2021 and shareholders have been given the opportunity to state their opinions. Decisions, which are made at a later date, are written on record and disclosed to the public. This information that is included in our annual report is also available on our website.

RISK MANAGEMENT AND INTERNAL CONTROL MECHANISM

All of the strategic, operational, financial particularities and other aspects that are thought to create risks preventing our Company from achieving its short- and long-term targets are evaluated at every level of the organisation starting from the Board of Directors' level. The Early Risk Detection Committee that is established for this purpose carries out activities in parallel with the objective of making recommendations and giving advice towards detecting, evaluating and managing, reporting all kinds of risks including strategic, financial, operational risks etc., that may have an impact on the Company and taking them into consideration in the decision-making mechanisms.

The internal audit system of the Company consists of job descriptions, authorisation system, policies and documented procedures that were previously determined based on the work flows and processes. Our Company aims to achieve its targets on efficiency and effectiveness of operations, the reliability of its financial reporting system and assurance on the compliance to the legal regulations through implementation of an internal audit system. Internal audit system is regularly subjected to periodic evaluation by the Quality Assurance Department and effectiveness of the production operations is inspected. The Audit Committee has notified the Board of Directors in writing about its opinions on the election of the independent auditors for the year 2021 interim and annual financial statements to be disclosed to the public, accuracy and consistency of them with the accounting principles and actual figures and the decisions taken during the meetings held throughout the year.

STRATEGIC GOALS OF THE COMPANY

The goals and critical performance indicators that are in parallel with the Company's vision and mission are approved by the Board of Directors at the budget meetings which is organised at the end of the previous year. The Board of Directors reviews the results of activities and target indicators by comparing with the previous year's performance and target indicators in its ordinary meetings.

Statements of Independence from the Members of the Board

I hereby declare that I am a candidate for assuming the role of an "Independent Member" in the Board of Directors of Sarkuysan Elektrolitik Bakır San. ve Tic. A.Ş (Company); as part of the criteria stipulated in the legislations, the articles of association of the Company and the Corporate Governance principles issued by the Capital Markets Board,

- Within the last five years, no executive employment relation that would give important duties and responsibilities has been established between myself, my spouse, my second degree relatives by blood or by marriage and (i) the Company and (ii) the subsidiaries of Company, and (iii) shareholders who control the management of Company or who have significant influence in Company and legal persons controlled by these shareholders; and that I neither possess more than 5% of any and all capital or voting rights or privileged shares nor have significant commercial relations,
- Within the last five years, I have not worked as an executive manager who would have important duties and responsibilities, or have not been a member of the Board of Directors or been a shareholder (more than 5%) particularly in the companies that provide auditing, rating and consulting services for the Company (including tax audit, legal audit, internal audit), and in the companies that the Company purchase products and services from or sells products and services to as part of the agreements signed,
- I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I will assume as a result of my independent membership on the Board,
- Accordance with the legislations, I will not be working full-time in public institutions and organisations (except working as an academician at the university) after being elected as a member,
- I am treated as a resident in Turkey in accordance with the Income Tax Law no 193 of 31.12.1960,
- I do have the strong ethical standards, professional standing and experience that will help me positively contribute to the activities of Company and remain neutral in conflicts of interests between Company shareholders, and that will help me take decisions freely by taking the rights of the stakeholders into consideration,
- I will be able to spare the sufficient time for the activities of the Company to an extent that will help me pursue the activities of the Company and fulfil the requirements of my tasks and duties,
- I have not been a member of the Board of Directors of the Company for more than six years in total within the last decade,
- I have not been an independent member of the Board of Directors in more than three of the companies controlled by the Company or by the shareholders who control the management of the Company and in more than five of the publicly traded companies in total,
- I have not been registered and announced on behalf of the legal entity elected as member of the Board of Directors,

and therefore, I will fulfil my Board membership as an independent member.

Best regards,

MEHMET BAHTİYAR

Statements of Independence from the Members of the Board

I hereby declare that I am a candidate for assuming the role of an "Independent Member" in the Board of Directors of Sarkuysan Elektrolitik Bakır San. ve Tic. A.Ş (Company); as part of the criteria stipulated in the legislations, the articles of association of the Company and the Corporate Governance principles issued by the Capital Markets Board,

- Within the last five years, no executive employment relation that would give important duties and responsibilities has been established between myself, my spouse, my second degree relatives by blood or by marriage and (i) the Company and (ii) the subsidiaries of Company, and (iii) shareholders who control the management of Company or who have significant influence in Company and legal persons controlled by these shareholders; and that I neither possess more than 5% of any and all capital or voting rights or privileged shares nor have significant commercial relations,
- Within the last five years, I have not worked as an executive manager who would have important duties and responsibilities, or have not been a member of the Board of Directors or been a shareholder (more than 5%) particularly in the companies that provide auditing, rating and consulting services for the Company (including tax audit, legal audit, internal audit), and in the companies that the Company purchase products and services from or sells products and services to as part of the agreements signed,
- I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I will assume as a result of my independent membership on the Board,
- Accordance with the legislations, I will not be working full-time in public institutions and organisations (except working as an academician at the university) after being elected as a member,
- I am treated as a resident in Turkey in accordance with the Income Tax Law no 193 of 31.12.1960,
- I do have the strong ethical standards, professional standing and experience that will help me positively contribute to the activities of Company and remain neutral in conflicts of interests between Company shareholders, and that will help me take decisions freely by taking the rights of the stakeholders into consideration,
- I will be able to spare the sufficient time for the activities of the Company to an extent that will help me pursue the activities of the Company and fulfil the requirements of my tasks and duties,
- I have not been a member of the Board of Directors of the Company for more than six years in total within the last decade,
- I have not been an independent member of the Board of Directors in more than three of the companies controlled by the Company or by the shareholders who control the management of the Company and in more than five of the publicly traded companies in total,
- I have not been registered and announced on behalf of the legal entity elected as member of the Board of Directors,

and therefore, I will fulfil my Board membership as an independent member.

Best regards,

AYHAN ZEYTİNOĞLU

I hereby declare that I am a candidate for assuming the role of an "Independent Member" in the Board of Directors of Sarkuysan Elektrolitik Bakır San. ve Tic. A.Ş (Company); as part of the criteria stipulated in the legislations, the articles of association of the Company and the Corporate Governance principles issued by the Capital Markets Board,

- Within the last five years, no executive employment relation that would give important duties and responsibilities has been established between myself, my spouse, my second degree relatives by blood or by marriage and (i) the Company and (ii) the subsidiaries of Company, and (iii) shareholders who control the management of Company or who have significant influence in Company and legal persons controlled by these shareholders; and that I neither possess more than 5% of any and all capital or voting rights or privileged shares nor have significant commercial relations,
- Within the last five years, I have not worked as an executive manager who would have important duties and responsibilities, or have not been a member of the Board of Directors or been a shareholder (more than 5%) particularly in the companies that provide auditing, rating and consulting services for the Company (including tax audit, legal audit, internal audit), and in the companies that the Company purchase products and services from or sells products and services to as part of the agreements signed,
- I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I will assume as a result of my independent membership on the Board,
- Accordance with the legislations, I will not be working full-time in public institutions and organisations (except working as an academician at the university) after being elected as a member,
- I am treated as a resident in Turkey in accordance with the Income Tax Law no 193 of 31.12.1960,
- I do have the strong ethical standards, professional standing and experience that will help me positively contribute to the activities of Company and remain neutral in conflicts of interests between Company shareholders, and that will help me take decisions freely by taking the rights of the stakeholders into consideration,
- I will be able to spare the sufficient time for the activities of the Company to an extent that will help me pursue the activities of the Company and fulfil the requirements of my tasks and duties,
- I have not been a member of the Board of Directors of the Company for more than six years in total within the last decade,
- I have not been an independent member of the Board of Directors in more than three of the companies controlled by the Company or by the shareholders who control the management of the Company and in more than five of the publicly traded companies in total,
- I have not been registered and announced on behalf of the legal entity elected as member of the Board of Directors,

and therefore, I will fulfil my Board membership as an independent member.

Best regards,

VİRMA SÖKMEN

Disclosure Policy

PURPOSE

Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş. pursues a transparent and accurate policy that enables its shareholders to be informed precisely, clearly, accurately and simultaneously as part of relevant laws and the Capital Markets Board (CMB) Corporate Governance Principles. Any information, which is not regarded as a trade secret and can be legally disclosed, is publicly communicated.

The objective of the disclosure policy is to share past performance, strategies, targets except for confidential business information, and visions of the Company with the public, relevant authorities, existing and potential investors and shareholders through an active and open communication medium.

Sarkuysan complies with the regulations of CMB and the regulations of the Istanbul Stock Exchange (IMKB) regarding all public disclosure, and aims to follow the most accurate, fair, simultaneous, clear and efficient communication policy as part of CMB Corporate Governance Principles.

AUTHORITIES AND RESPONSIBILITIES

The authority and responsibility to follow, monitor and develop Sarkuysan's policy of clarifying and informing the public is under the responsibility of the Board, whilst the Vice Managing Director (Finance), Accounting Department and Investor Relationships Department conduct the coordination of the disclosure function. Such authorities carry out their responsibilities in close cooperation with the Board and the Managing Director.

The Disclosure Policy approved by the Board is submitted to the consideration of shareholders at the General Assembly meeting and disclosed publicly through the corporate website.

METHODS AND MEANS OF PUBLIC DISCLOSURE

The methods and means used to inform the public by Sarkuysan in accordance with the regulations of CMB and BIST and further with the appropriate provisions of the Turkish Commercial Code (TCC) are given below:

- Material Event disclosures (submitted online to the Public Disclosure Platform (PDP)),
- Financial statements, notes, independent audit reports and statements periodically disclosed on quarterly basis (submitted online to PDP),
- Annual and interim reports,
- Corporate website (www.sarkuysan.com),
- Prospectus, circular, invitation for general assembly and other documents disclosed through Central Registration System (CRS) and the Central Database Service Provider (CDSP) systems,
- Announcements and notices made in Turkish Trade Registry Gazette, and also in national and local newspapers that are widely circulated, when necessary, press releases published in the press and mass media throughout the year parallel to the important developments,
- Means and methods of communication such as telephone, e-mail, fax, etc.,
- Announcements made through brochures and catalogues,
- Domestic and International fairs participated.

PUBLIC DISCLOSURE OF MATERIAL EVENTS

The material event disclosures of Sarkuysan A.Ş are prepared by the Financial Affairs Department and Investor Relations Department, and submitted online to PDP by duly authorised directors. The relevant units carry out controls in connection with the publication of such disclosures on PDP.

Officials with administrative function are Board Members, Auditors, the Managing Director, the Assistant Managing Directors, Finance Department, Cost Accounting and other officials who make administrative decisions having effect on future development and commercial objectives of Sarkuysan.

Such officials are announced in the Annual Report updated annually and on the corporate website.

In the event that there are legal and commercial relationships between our Company and real & legal entities with which we directly or indirectly collaborate for capital management and audit purposes, the necessary disclosures are made pursuant to the appropriate provisions of CMB.

PUBLIC DISCLOSURE OF THE ANNUAL REPORT

Financial statements and footnotes of Sarkuysan are prepared in consolidated form in accordance with the provisions set forth by the Public Oversight Accounting and Auditing Standards Authority (POA) of Turkey and Turkish Financial Reporting Standards (TFRS). Annual and semi-annual financial statements are subject to independent audit in accordance with Turkish Audit Standards before public disclosure. 3- and 9-month Financial Statements are also prepared in accordance with TFRS and publicly disclosed within a defined timeframe.

In accordance with the Capital Markets Legislation, prior to public disclosure of the financial statements and footnotes, they are submitted to the Board of Directors for approval upon the positive opinion of the Audit Committee. After attestation is granted at the meeting, financial statements, footnotes and the independent audit reports are submitted to BIST and CMB in accordance with the Capital Market Law and BIST.

Financial statements and footnotes that are disclosed on PDP are publicly announced simultaneously with PDP on our corporate website under a link titled BIST due to our agreement with Forex. In addition to that, data of financial statements are retrospectively stored for a period of five years under the heading "Annual Reports" in the Investor Relations section of the corporate website.

PUBLIC DISCLOSURE OF THE ANNUAL REPORT

The content of yearly and interim Annual Reports is prepared in accordance with the Turkish Commercial Code, CMB legislation and CMB Corporate Governance Principles. Turkish Accounting Standards (TAS) and Turkish Financial Reporting Standards (TFRS) are applied to the annual report and financial statements.

Once Annual Reports are prepared, they are subject to the Board's approval, and then reports are publicly disclosed through the corporate website three weeks prior to the General Assembly meeting, and also communicated to PDP online. Investors may obtain a Turkish and English hard-copy version of the Annual Report from the Finance Department and Investor Relations Department.

WEBSITE

The Sarkuysan website www.sarkuysan.com is actively used by the Company in public disclosure as recommended by the CMB Corporate Governance Principles. The disclosures on the website do not take the place of notifications and material disclosures required by the Capital Markets Board. The website is prepared in Turkish and in English with the content and format set forth by the CMB Corporate Governance Principles.

In accordance with Article 1527 of the Turkish Commercial Code, a specific part of the corporate website is dedicated to legal announcements. This section is available through "Information Society Services" in our corporate website.

The Investor Relations part of our corporate website contains the Company's trade registration details, most recent shareholding and management structure, details of preferred shares, announcements, date and issue no of the Turkish Commercial Registry Gazette announcing the amendments to the Company's articles of association, Company's up-to-date articles of association, material event disclosures, annual reports, announcements for General Assembly meetings, sample agenda and power of attorney, list of attendance, meeting minutes, dividend distribution policy, disclosure policy, ethical rules of the Company, frequently asked questions and answers.

In the part "Sarkuysan on Istanbul Stock Exchange" of our website, all details about the Company posted in Istanbul Stock Exchange's corporate website are available. The corporate website further contains stock prices, charts, prices of some precious items as well as news about Sarkuysan and all other related news and exchange rates.

ANNOUNCEMENTS IN THE TURKISH TRADE REGISTRY GAZETTE

As required by the Capital Market Law, Turkish Commercial Code and the Company's Articles of Association; the announcements related to the General Assembly meeting, capital increase and dividend payment are published both in the Turkish Trade Registry Gazette and daily newspapers.

STATEMENTS ON THE EXERCISE OF SHAREHOLDER RIGHTS

Pursuant to CMB regulations, shareholders are informed about the General Assembly, Capital Increase, Dividend Payments, merger and appropriate matters through prospectuses and announcements.

Company's Ordinary General Assembly meetings are held every year within legal periods specified. The information and documents to be discussed during the General Assembly meeting can be listed as the List of Attendance, Annual Report, Auditor's Report, Balance Sheet, Statement of Income, minutes of meeting for the General Assembly and Amendments to the Articles of Association, if any.

MEASURES TO KEEP INTERNAL INFORMATION CONFIDENTIAL UNTIL PUBLIC ANNOUNCEMENT

Sarkuysan A.Ş. employees with internal information and other relevant parties are informed about their liability to ensure confidentiality of internal information between the time when the information subject to a material event disclosure develops until it is announced on PDP.

In the event that it is determined that internal information has unintentionally been shared by people working for and on behalf of Sarkuysan A.Ş. with third parties, if it is concluded that the confidentiality of the information cannot be protected as part of CMB legislations, a material event disclosure is made immediately.

Dividend Distribution Policy

- The annual profit of the Company is distributed as per the decision taken during the general assembly meeting in accordance with the Dividend Distribution Policy formulated in accordance with the Turkish Commercial Code, Capital Market Law, appropriate regulations and Company's articles of association.
- The Board determines its proposal for dividend distribution in line with appropriate legal provisions and by observing the sensitive benefit balance between shareholders and the Company.
- The decision of whether to distribute profit or not is taken during the General Assembly upon the proposal of the Board. The Board's proposal for dividend distribution is publicly disclosed together with the dividend distribution scheme, for which the format and content are defined by the Capital Markets Board, in line with CMB's regulations on the disclosure of material events, on the date when the agenda of the general assembly meeting is announced at the latest, and then posted in the Company's corporate website.
- The dividend distribution process is initiated no later than the end of accounting period for which the general assembly meeting where dividend distribution is decided is held.
- The profit may be paid in instalments of equal or different amounts subject to the further appropriate decision taken at the general assembly meeting. The number and timing of instalments are determined during the general assembly meeting or by the board of directors authorised thereby.
- Instalment payments are distributed equally to all of the shares existing as of the date of payment pro rata their shares in capital, regardless of their dates of issuance and acquisition.
- The dividend per share is found by dividing the profit to be distributed to shareholders under the general assembly meeting decision by total number of shares.
- There is no share certificate granting any privilege for dividend share.
- Since the share certificates of the Company are registered on account as per the applicable regulations, dividend payments are deposited to Takasbank A.Ş. for further transfer to the accounts of shareholders with brokers and banks upon Central Registry's request on the date specified by the general assembly.
- Dividend distribution is affected in accordance with Turkish Commercial Code, Capital Market Law, applicable regulations and the Company's articles of association.
- The Company's Articles of Association should contain a specific provision for dividend distribution to Board members and Company's employees.
- The Company's articles of association should contain a provision to make donations. The limit of donation is designated defined during the general assembly meeting. Donations made within the given fiscal period are added to the distributable profit base. The donations and payments to be made are disclosed to the public as part of rules concerning public disclosure of material events and are presented to the partners in the ordinary general assembly.
- The dividend distribution policy is formulated in accordance with the Turkish Commercial Code, Capital Market Law appropriate legal regulations and the Company's Articles of Association, and included in the annual report. Shareholders are informed accordingly during the general assembly meeting.
- In the event that it is proposed to make an amendment to the dividend distribution policy, the Board resolution on this matter and justification thereof are publicly disclosed in accordance with CMB's regulations on the public disclosure of material events.

Guarantees/Pledges/Mortgages Assigned

	31.12.2021 Amount (TL)	31.12.2020 Amount (TL)
A. Total value of GMP assigned on behalf of the Company	1,402,137,352	664,555,522
Sarkuysan A.Ş. Letter of Guarantees Given	440,223,786	161,644,520
Sarkuysan A.Ş. Surety Bonds Given	932,763,881	447,839,218
Sar Makina A.Ş. Letter of Guarantees Given	3,095,832	1,348,292
Sarda A.Ş. Letter of Guarantees Given	26,030,000	53,710,000
Aegean Free Trade Zone Letter of Guarantees Given	23,853	13,492
B. Total amount of the GMP assigned in favour of the corporations included under full consolidation	52,788,692	37,772,291
Sureties	52,788,692	37,772,291
Mortgages		
C. Total amount of the GMP assigned for securing debts of other 3rd persons in order to carry out ordinary business operations		
D. Total amount of other warranties, pledges and encumbrances given		
i. Total amount of the GMPs assigned in favour of the other group companies that are not included under articles B and C		
iii. Total amount of the GMPs assigned in favour of 3rd persons that are not included under article C		
Total	1,454,926,044	702,327,813

Dividend Distribution Proposal

"We hereby submit for your approval that the Net Distributable Period Profit, which is 532,490,081.- TL, that sums after the donations are included and the Taxes to be Paid and the General Legal Reserves are deducted from the period profit on our Consolidated Income Table dated 31.12.2020, which was prepared in accordance with the communiqués of the Capital Markets Board, to be distributed as presented in the following statements according to article 25 of our Articles of Association, that our partners be given 27% net cash dividend and 33.33333% dividend in the form of shares and the distribution date be 22.04.2022, and that the distribution of the dividend in the form of shares be distributed following the completion of the legal process.

If this proposal is accepted, 30% (0.30 TL) Gross and 27.00% (0.2700 TL) Net cash dividend will be distributed for each nominal value share of 1.-TL of our 300,000,000.-TL Paid Capital, and 100,000,000.- TL will be distributed to our shareholders as bonus shares, in proportion to their shares, following the completion of the legal process.

Yours faithfully,
Board of Directors

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş. DIVIDEND DISTRIBUTION IN 2021

1. Paid-in/Issued Capital		300,000,000
2. General Legal Reserves (According to Legal Records)		63,406,917
Information on the relevant privilege if any privileges are applied in the distribution of dividends		None.
	ACCORDING TO CMB	ACCORDING TO LEGAL REGISTRIES
3. Term Profit	762,927,316	607,132,629
4. Taxes (-)	209,335,131	175,095,441
	<i>Corporate Tax (-)</i>	175,095,441
	<i>Provision for Deferred Tax (-)</i>	0
5. Net Term Profit	553,592,185	432,037,188
6. Previous Years Losses (-)	0	0
7. General Legal Reserve (-)	21,601,859	21,601,859
8. Net Distributable Profit For The Period	531,990,326	410,435,329
9. Donations Within the Year (+)	499,755	
10. Net Distributable Profit for the Period Incl. Donations	532,490,081	
11. First Dividend to Shareholders	126,624,504	
	<i>Cash</i>	26,624,504
	<i>Bonus</i>	100,000,000
	<i>Total</i>	126,624,504
12. Dividends Distributed to Privileged Shareholders	0	
13. Other Dividends Distributed	19,337,783	
Dividends to Board Members	19,337,783	
14. Dividends Distributed to Holders of Redeemed Shares	0	
15. Second Dividend to Shareholders	63,375,496	
	<i>Cash</i>	63,375,496
	<i>Bonus</i>	0
	<i>Total</i>	63,375,496
16. General Legal Reserve (-)	19,433,778	
17. Statuary Reserves	0	0
18. Special Reserves	0	0
19. EXTRAORDINARY RESERVE	303,218,764	181,663,766
20. Other Resources to be Distributed	0	0
Profits of the Previous Years	0	0
Extraordinary Reserves	0	0
Other Reserves Distributable pursuant to Law and Articles of Association	0	0

RATE OF PROFIT SHARES STATEMENT

INFORMATION ON DIVIDEND PER SHARE

	GROUP	TOTAL DIVIDENDS DISTRIBUTED		TOTAL DIVIDENDS DISTRIBUTED/ NET DISTRIBUTABLE DIVIDENDS	DIVIDEND CORRESPONDING TO SHARE WITH PAR VALUE OF 1 TL	
		CASH (TL)	BONUS (TL)		RATE %	AMOUNT (TL)
NET	A	4.05	5.00	9.05	0.603333	60.3333
	B	80,999,995.95	99,999,995.00	180,999,990.95	0.603333	60.3333
	TOTAL	81,000,000.00	100,000,000.00	181,000,000.00	0.603333	60.3333

Audit Report on Early Risk Detection System and Committee

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş. TO THE BOARD OF DIRECTORS

We have audited the early risk detection system and committee established by the Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

THE BOARD'S RESPONSIBILITY

As per article 378 clause 1 of the Turkish Commercial Code (TCC) Law no. 6102, the Board of Directors is responsible for establishing an expert committee for early detection of factors that threaten the existence, development and continuation of the Group, to implement the necessary precautions and solutions for these and to manage the risk; for operating and developing the system.

RESPONSIBILITY OF THE AUDITOR

Our responsibility is to come to a conclusion concerning the early risk detection system and committee based on the audit we have conducted. Our audit was conducted in accordance with TCC and the "Principles on the Independent Auditor's Report on Early Risk Detection System and Committee" and ethical requirements as announced by Public Oversight Accounting and Auditing Standards Authority (POA) of Turkey. These Principles require us to determine whether the early risk detection system and committee of the Group has been established, and if established, to evaluate whether the system and committee operate in accordance with Article 378 of TCC. Our audit does not involve auditing the appropriateness of the solutions on the risks identified by the Early Risk Detection System and Committee and the practices performed by the management against the risks.

INFORMATION REGARDING THE EARLY RISK DETECTION SYSTEM AND COMMITTEE

The Group built the committee September 18, 2012 and the committee consists of 3 (three) members. The Committee met 6 (six) times in 2021 for early detection of factors that threaten the existence, development and continuation of the Group, to implement the necessary precautions and solutions for these and to manage the risk; and the reports prepared as a result were submitted to the Board.

RESULT

As a result of the audit we conducted, we have found the early risk detection system and committee established by Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş. to be sufficient in every perspective as part of Article 378 of TCC.

GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş.

An Independent Member of BAKER TILLY INTERNATIONAL



ERDOĞAN BAŞARSLAN

Responsible Partner Lead Auditor

Istanbul, March 11, 2022

Independent Audit Report regarding the Annual Report of the Board of Directors

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş. TO THE BOARD OF DIRECTORS

OPINION

We have audited the Annual Report of Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş. for the fiscal period covering the period between January 1 and December 31, 2021.

In our opinion, the financial information provided in the annual report of the Board of Directors as well as the discussions of the Board of Directors regarding the status of the Group, is presented fairly and consistent with the whole set of financial statements audited and information acquired during the independent audit in all material respects.

BASIS OF OPINION

The independent audit we have conducted is in accordance with the Independent Audit Standards (IAS), which are inseparable parts of the Turkish Audit Standards published by the Public Oversight, Accounting and Audit Standards Agency ("KGK"). Our responsibilities as part of the aforementioned standards are explained in detail in our report under the title of Responsibility of the Independent Auditor on the Annual Report of the Independent Auditor. Ethics Code for the Independent Auditors (Code of Ethics) published by KGK and ethical rules pursuant to the legislation regarding independent audits, we hereby declare that we are independent from the Group. Code of Conduct and other responsibilities regarding ethics as part of legislation have been fulfilled by us. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

AUDITOR OPINION ON THE WHOLE SET FINANCIAL STATEMENTS

We kindly submitted our opinion on the whole set of financial statements of the Group regarding the period covering January 1 and December 31, 2021 in our report dated March 11, 2022.

Responsibility of the Board of Directors regarding the Annual Report

THE EXECUTIVES OF THE GROUP ARE RESPONSIBLE FROM THE FOLLOWING ITEMS REGARDING THE ANNUAL REPORT AS PER THE ARTICLES 514 AND 516 OF THE TURKISH COMMERCIAL CODE (TCC) NO 6102:

- a. Annual report shall be prepared within the first three months following the date of the balance sheet and submitted to the attention of the General Assembly.
- b. The annual report shall be prepared to include the activities carried out within the year, and the Group's financial status in a complete, correct, direct, realistic and honest way. The financial status given in the report shall be evaluated according to the financial statements. The report shall also explicitly highlight the development of the Group and the possible risks to be encountered. The assessment of the Board of Directors on the subject issues shall be included in the report.
- c. The annual report shall also include the following issues:
 - Special incidents occurred in the Group after completion of the operation period for the year-in-question,
 - Research and development activities of the Group,
 - Financial benefits such as the salaries, premiums, bonuses, etc., allowances, travel, accommodation and representation expenses and real and cash benefits, insurances and similar securities.

During the preparation process of the annual report, the Board of Directors shall also consider the regulations stipulated by the secondary legislation of the Ministry of Customs and Trade and other related institutions.

RESPONSIBILITY OF THE INDEPENDENT AUDITOR REGARDING THE INDEPENDENT AUDIT OF THE ANNUAL REPORT

The purpose is to provide our opinion on whether or not financial information provided in the annual report as well as the discussions of the Board of Directors are consistent with and represent the actual situation in the audited financial statements of the Group and information acquired during the independent audit and to prepare a report including our opinion.

The independent audit that we carried out was in compliance with the Independent Audit Standards. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the financial information provided in the annual report and discussions of the Board of Directors is free from material misstatement and consistent with the financial statements and information gathered during the independent audit.

The independent audit was carried out and completed by Erdoğan BAŞARSLAN, auditor in charge.

GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş.

An Independent Member of BAKER TILLY INTERNATIONAL

**ERDOĞAN BAŞARSLAN**

Responsible Partner Lead Auditor

Istanbul, March 11, 2022

Amendment in the Articles of Association

FORMER TEXT	NEW TEXT
<p>BOARD OF DIRECTORS</p> <p>ARTICLE - 8 - Administration and representation of the Company is held by the Board of Directors consisting of 12 (twelve) members to be elected during the General Assembly as per the related provisions of the Articles of Association, Turkish Commercial Code and the related legislation. General Assembly chooses 5 Board Members among the nominees to be nominated by the ones having A-group shares, 4 Board Members among the nominees to be nominated by the ones having B-group shares, and 3 Board Members among the independent member nominees to be determined and nominated before the General Assembly according to the regulations of Capital Markets Board regarding corporate governance.</p> <p>Qualities and quantities of the independent members to be assigned to the Board of Directors are determined by the regulations of Capital Markets Board regarding corporate governance.</p> <p>Members of the Board can be re-elected. The Board of Directors elect a chairperson and a vice chairperson among the board members during the first meeting following the election. The elections are recorded in the minute book.</p> <p>The Board of Directors can always replace the members of the Board regardless of their terms of duty, if the Board of Directors deems necessary.</p>	<p>BOARD OF DIRECTORS</p> <p>ARTICLE - 8 - Administration and representation of the Company is held by the Board of Directors consisting of 14 (fourteen) members to be elected during the General Assembly as per the related provisions of the Articles of Association, Turkish Commercial Code and the related legislation. General Assembly chooses 5 Board Members among the candidates to be nominated by the ones having A-group shares, 4 Board Members among the candidates to be nominated by the ones having B-group shares, and 5 Board Members among the independent member candidates to be determined and nominated before the General Assembly according to the regulations of Capital Markets Board regarding corporate management.</p> <p>Qualities and quantities of the independent members to be assigned to the Board of Directors are determined by the regulations of Capital Markets Board regarding corporate governance.</p> <p>Members of the Board can be re-elected. The Board of Directors elect a chairperson and a vice chairperson among the board members during the first meeting following the election. The elections are recorded in the minute book.</p> <p>The Board of Directors can always replace the members of the Board regardless of their terms of duty, if the Board of Directors deems necessary.</p>

SAR KUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2021 TOGETHER WITH THE INDEPENDENT AUDITORS' REPORT

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SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Sarkuysan Elektrolitik Bakir Sanayi ve Ticaret Anonim Şirketi,

Opinion

We have audited the accompanying consolidated financial statements of Sarkuysan Elektrolitik Bakir Sanayi ve Ticaret Anonim Şirketi (the "Company" or "Sarkuysan") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of balance sheets as at 31 December 2021, consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash-flow for the year then ended and the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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

Basis for Opinion

Our audit was conducted in accordance with the International Standards on Auditing ("ISAs") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants ("IESBA Code") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the consolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

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. Key audit matters were addressed in the context of our independent 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.

Trade Receivables

Please refer to notes 2.09.09 and 10 to the consolidated financial statements

Key audit matters

The consolidated financial statements as of 31 December 2021 include trade receivables amounting to TL 2.697.872.085 which represent a 47% of Sarkuysan's total assets. Provision for doubtful receivables amounting to TL 122.945.144 included in the accompanying consolidated financial statements.

Relevant trade receivables are material to the consolidated financial statements. In addition, significant judgments and estimates are used in the determination of the recoverability amounts of trade receivables performed by the Group management.

For these reasons, the recoverability of these receivables and its materiality on the consolidated financial statements have been determined as key audit matter of our audit.

How our audit addressed the key audit matter

We performed the following procedures in relation to the testing the provisions allocated in the accompanying consolidated financial statements and ensuring to reconcile the balances of trade receivables:

Assessing and testing the business process for collections from customers, evaluating the operational effectiveness of controls embedded in the business process including the testing of third party balances,

Understanding the credit risk policy of the Group for past due receivables and letters of guarantee obtained including insurance policies applied on current balances of trade receivables. Accordingly, we have assessed the aging results of the balances of the provisions, economic conditions, past collection performances, lawsuits and execution proceedings, and the letters of guarantees obtained for the trade receivables, allocation of the provisions accounted for the trade receivable balances considered recognised as doubtful trade receivables,

Controlling and testing the trade receivable balances in the accompanying consolidated financial statements including exchange rate valuation, receivables rediscount (deferred interest income) etc. that have material impact on trade receivable balances,

Trade Receivables

Please refer to notes 2.09.09 and 10 to the consolidated financial statements

Key audit matters

How our audit addressed the key audit matter

Evaluating and assessing gging results of receivables, economic conditions, past collection ability, lawsuits filed and execution proceedings, guarantees received against receivables and subsequent period collections including application of TFRS 9 standard,

Testing the disclosures in the consolidated financial statements in relation to the trade receivables and evaluating the adequacy of such disclosures for TFRS' requirements,

We had no material findings related to the trade receivables as a result of these procedures.

Determination of Fair Value of Investment Properties

Please refer to notes 2.09.19 and 17 to the consolidated financial statements

Key audit matters

How our audit addressed the key audit matter

The fair value of the investment properties of the Sarkuysan as of 31 December 2021 is amounting to TL 154.085.000. The consolidated statement of profit or loss of the Group in 2020 includes a revaluation surplus amounting to TL 49.012.000 corresponding to an increase in the value of investment properties recognised under "Gains from investment activities".

Fair values investment properties of the Group are recognized according to appraisal reports issued by independent experts. These appraisal companies used various estimations and assumptions, when making those estimates. The determination of fair value of investment properties in the accompanying consolidated financial statement determined as key audit matter for our audit.

We performed the following procedures in relation to the testing the fair value of investment properties:

Examining the competency and neutrality of investment properties appraiser appointed by the Group management, Evaluating appropriateness of valuation methods used by the appraisal experts,

Comparing the estimations and assumptions used in the appraisal reports with assumptions made in the prior period in accordance with the discussions made by the Group management,

Testing the disclosures in the consolidated financial statements in relation to the determination of the fair value of investment properties and evaluating the adequacy of such disclosures for TFRS' requirements,

We had no material findings related to the fair value of investment properties as a result of these procedures.

Financial Liabilities

Please refer to notes 2.09.08 and 8 to the consolidated financial statements

Key audit matters

How our audit addressed the key audit matter

The consolidated financial statements as of 31 December 2021 include current and non-current financial liabilities amounting to TL 2.716.331.128 which constitute a significant portion of Sarkuysan's total liabilities.

The Group discloses the financial liabilities discounted cost by using the effective interest method. Calculation and reconciliation of discounted costs of financial liabilities determined as key audit matter for our audit.

We performed the following procedures in relation to the testing of financial liabilities:

Evaluating 3rd party reconciliations of the financial liabilities balances and internal rate of return and discount studies calculated by the Group,

Testing the disclosures in the consolidated financial statements in relation to the financial liabilities and evaluating the adequacy of such disclosures for TFRS' requirements,

We had no material findings related to the financial liabilities as a result of these procedures.

SARQUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş**INDEPENDENT AUDITOR'S REPORT**

To the General Assembly of Sarquysan Elektrolitik Bakir Sanayi ve Ticaret Anonim Şirketi,

Revenue

Please refer to notes 2.09.01 and 28 to the consolidated financial statements

Key audit matters

The Group recognizes the revenue in the consolidated financial statements when the Group transfers control of a good or service over time.

Based on the aforementioned disclosure, it has been determined as a key audit matter whether the revenue is recognized to the correct period in accordance with the periodicity and matching principle of sales.

How our audit addressed the key audit matter

We performed the following procedures in relation to the testing recognition of revenue:

Evaluating the accounting policies of the Group related to the recognition of the revenue in the accompanying consolidated financial statements,

Evaluating the revenue as a process by observing sales and delivery procedures,

Evaluating the audit procedures are focused on the assessment of invoices issued but risk and ownership have not been transferred,

Evaluating the details of the sales returns which are requested for the audit date whether there is a high amount of returns incurred after the balance sheet date,

Evaluating the invoice, delivery note, warehouse exit and delivery documents are analyzed by sampling method and the actual delivery is made before the balance sheet date,

Evaluating whether there is a high amount of sales return incurred after the balance sheet date,

Testing the disclosures in the consolidated financial statements in relation to the recognition of revenue and evaluating the adequacy of such disclosures for TFRS 15 requirements.

We had no material findings related to recognition of revenue as a result of these procedures.

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

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TAS, 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's financial reporting process.

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

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is 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 independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with ISAs is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements 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 independent audit conducted in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in 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.
- Assess the 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 independent 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.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also 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.

Other Responsibilities Arising from Regulatory Requirements

1. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Group's Board of Directors on 11 March 2022.
2. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Group's bookkeeping activities concerning the period from 1 January to 31 December 2021 period are not in compliance with the TCC and provisions of the Group's articles of association related to financial reporting.
3. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

The engagement partner responsible for the audit resulting in this independent auditor's report is Erdoğan BAŞARSLAN.

GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş.

An Independent Member of BAKER TILLY INTERNATIONAL



ERDOĞAN BAŞARSLAN

Partner, CPA

İstanbul, 11 March 2022

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2021 AND 2020

(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Audited Current Period 31.12.2021	Audited Prior Period 31.12.2020
ASSETS			
Current Assets			
		4.977.019.714	2.475.574.703
Cash and Cash Equivalents	6	356.878.211	194.982.885
Financial Investments	7	-	-
Trade Receivables	10	2.697.872.085	1.269.623.698
- <i>Third Parties</i>	10	2.690.826.172	1.266.625.959
- <i>Related Parties</i>	10, 37	7.045.913	2.997.739
Receivables from Finance Sector Operations		-	-
Other Receivables	11	116.922.844	81.806.071
- <i>Third Parties</i>	11	116.922.844	81.806.071
- <i>Related Parties</i>	11, 37	-	-
Derivative Instruments	14	5.661.745	14.131.925
Inventories	13	1.681.770.680	868.952.340
Prepaid Expenses	26	113.734.052	31.754.108
Current Income Tax Assets	35	788.917	194.575
Other Current Assets	26	3.391.180	14.129.101
Total		4.977.019.714	2.475.574.703
Non-Current Assets			
Assets Held for Sale	34	-	-
Non-Current Assets		763.825.145	535.066.800
Financial Investments	7	1.163.376	757.726
Trade Receivables	10	-	-
Receivables from Finance Sector Operations	12	-	-
Other Receivables	11	690.775	181.561
- <i>Third Parties</i>	11	690.775	181.561
- <i>Related Parties</i>		-	-
Derivative Instruments	14	-	-
Investments Accounted for Using the Equity Method	16	68.393.675	58.557.552
Investment Properties	17	154.085.000	105.073.000
Property, Plant and Equipment	18	522.718.324	355.296.786
Right of Use Assets	18	871.905	1.763.014
Intangible Assets	19	5.483.485	7.243.550
Prepaid Expenses	26	2.617.713	404.456
Deferred Tax Assets	35	7.800.892	5.789.155
TOTAL ASSETS		5.740.844.859	3.010.641.503

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

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2021 AND 2020

(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Audited Current Period 31.12.2021	Audited Prior Period 31.12.2020
LIABILITIES			
Current Liabilities			
Short-Term Borrowings	8	1.492.199.530	756.043.827
Short Term Portion of Long Term Borrowings	8	461.392.730	303.670.123
Other Financial Liabilities	9	-	-
Trade Payables	10	1.133.817.712	514.177.263
- <i>Third Parties</i>	10, 38	1.133.817.712	514.177.263
- <i>Related Parties</i>		-	-
Employee Benefits	12	20.404.424	13.340.689
Other Payables	11	19.446.169	30.568.077
- <i>Third Parties</i>	11	19.446.169	30.568.077
- <i>Related Parties</i>		-	-
Derivative Instruments	14	-	-
Deferred Income	26	187.909.673	32.894.522
<i>Third Parties</i>		187.909.673	32.894.522
Current Income Tax Liabilities	35	94.847.027	24.747.574
Short Term Provisions	22,24	37.295.745	24.244.423
- <i>Provisions for Employee Benefits</i>		31.371.190	13.551.589
- <i>Other Short Term Provisions</i>		5.924.555	10.692.834
Other Current Liabilities	26	-	-
Total		3.447.313.010	1.699.686.498
Liabilities Related to Assets Held for Sale		-	-
Non Current Liabilities			
Long Term Borrowings	8	762.738.868	411.219.789
Trade Payables	10	-	-
Long Term Provisions	24	81.298.243	59.943.241
- <i>Provisions for Employee Benefits</i>		81.298.243	59.943.241
- <i>Other Long Term Provisions</i>		-	-
Deferred Tax Liabilities	35	8.264.981	1.333.923
EQUITY			
Equity Holders of the Parent			
Paid-in Share Capital		300.000.000	300.000.000
Adjustment to Share Capital		1.020.551	1.020.551
Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss		(120.683)	9.222.852
Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss		228.385.307	85.515.955
Restricted Reserves		112.525.168	94.309.591
Retained Earnings		245.146.700	99.732.944
Profit for the Period		553.222.655	247.975.404
Non-Controlling Interest		1.050.059	680.755
TOTAL LIABILITIES AND EQUITY		5.740.844.859	3.010.641.503

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

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Audited Current Period 01.01.2021 31.12.2021	Audited Prior Period 01.01.2020 31.12.2020
PROFIT OR LOSS			
Revenue	5, 28	13.863.404.122	6.742.787.513
Cost of Sales (-)	5, 28	(12.984.362.428)	(6.280.899.112)
GROSS PROFIT		879.041.694	461.888.401
Marketing, Sales and Distribution Expenses (-)	29, 30	(66.620.345)	(41.031.389)
General Administrative Expenses (-)	29, 30	(75.409.628)	(56.128.582)
Research and Development Expenses (-)	29, 30	(4.059.992)	(4.237.278)
Other Operating Income	31	2.249.415.277	518.484.711
Other Operating Expenses (-)	31	(1.688.950.331)	(402.677.500)
OPERATING PROFIT		1.293.416.675	476.298.363
Gains from Investment Activities	32	54.704.841	7.512.150
Losses from Investment Activities (-)	32	(220.203)	(315.312)
Share of profit/loss of investments accounted for using the equity method	16	10.404.825	6.988.747
OPERATING PROFIT BEFORE FINANCIAL INCOME/EXPENSE		1.358.306.138	490.483.948
Financial Income	33	269.610.231	88.469.161
Financial Expenses (-)	33	(864.989.053)	(269.265.732)
PROFIT BEFORE TAX		762.927.316	309.687.377
Tax income/(expense)	35	(209.335.131)	(61.574.690)
- Current income tax expense		(194.655.958)	(60.509.002)
- Deferred tax expense		(14.679.173)	(1.065.688)
PROFIT FOR THE PERIOD		553.592.185	248.112.687
DISCONTINUED OPERATIONS			
Profit After Tax		-	-
PROFIT FOR THE PERIOD		553.592.185	248.112.687
Attributable to:		553.592.185	248.112.687
Non-Controlling Interests		369.530	137.283
Equity Holders of the Parent		553.222.655	247.975.404
Earnings Per Share	36	0,01844	0,00827

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

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

CONSOLIDATED STATEMENTS OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Audited Current Period 01.01.2021 31.12.2021	Audited Prior Period 01.01.2020 31.12.2020
PROFIT FOR THE PERIOD	27	553.592.185	248.112.687
OTHER COMPREHENSIVE INCOME			
Items Not to be Reclassified in Profit or Loss		(9.350.171)	942.535
Property, Plant and Equipment Revaluation Surplus			
Gains/(losses) on remeasurements of defined benefit plans	24	(10.972.084)	1.186.547
Share of other comprehensive income/(expenses) of investments accounted for using the equity method	16	(568.702)	-
Taxes relating to other comprehensive income not to be reclassified to profit/loss	35	2.190.615	(244.012)
- Current income tax expense		-	-
- Deferred tax income/expense		2.190.615	(244.012)
Items to be Reclassified in Profit or Loss		142.875.762	24.078.638
Currency Translation Differences	27	142.875.762	24.078.638
Share of other comprehensive income/(expenses) of investments accounted for using the equity method		-	-
Taxes relating to other comprehensive income to be rec-classified to profit/loss		-	-
- Current income tax expense		-	-
- Deferred tax income/expense		-	-
OTHER COMPREHENSIVE INCOME		133.525.591	25.021.173
TOTAL COMPREHENSIVE INCOME		687.117.776	273.133.860
Attributable to:		687.117.776	273.133.860
Non-Controlling Interests		369.304	137.406
Equity Holders of the Parent		686.748.472	272.996.454

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

SAR KUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

Audited Current Period	Notes	Paid-in share capital	Adjustment to Share Capital	Investment Properties Revaluation Surplus	Items not to be reclassified to profit or loss	
					Gains/(losses) on remeasurement of defined benefit plans	Share of other comprehensive income/(expenses) of investments accounted for using the equity method
Balances at 1 January 2021		300.000.000	1.020.551	23.800.684	(12.847.891)	(1.729.941)
Adjustments Related to Changes in Accounting Policies		-	-	-	-	-
<i>IFRS 9 Policy Change Effect (Net)</i>		-	-	-	-	-
Adjustments Related to Errors		-	-	-	-	-
Other Adjustments		-	-	-	-	-
Amounts After Adjustments		300.000.000	1.020.551	23.800.684	(12.847.891)	(1.729.941)
Transfers	27	-	-	-	-	-
Capital Increases		-	-	-	-	-
Dividends Paid		-	-	-	-	-
Transactions with Non-Controlling Interests		-	-	-	-	-
Increase (Decrease) from Other Changes		-	-	-	-	-
Total Comprehensive Income		-	-	-	(8.774.833)	(568.702)
- Profit for the Period		-	-	-	-	-
- Other Comprehensive Income (Expense)		-	-	-	(8.774.833)	(568.702)
Balances at 31 December 2021		300.000.000	1.020.551	23.800.684	(21.622.724)	(2.298.643)

Audited Prior Period	Notes	Paid-in share capital	Adjustment to Share Capital	Investment Properties Revaluation Surplus	Items not to be reclassified to profit or loss	
					Gains/(losses) on remeasurement of defined benefit plans	Share of other comprehensive income/(expenses) of investments accounted for using the equity method
Balances at 1 January 2020		200.000.000	1.020.551	23.800.684	(13.792.321)	(1.729.941)
Adjustments Related to Changes in Accounting Policies		-	-	-	-	-
<i>IFRS 9 Policy Change Effect (Net)</i>		-	-	-	-	-
Adjustments Related to Errors		-	-	-	-	-
Other Adjustments		-	-	-	-	-
Amounts After Adjustments		200.000.000	1.020.551	23.800.684	(13.792.321)	(1.729.941)
Transfers	27	100.000.000	-	-	-	-
Capital Increases		-	-	-	-	-
Dividends Paid		-	-	-	-	-
Transactions with Non-Controlling Interests		-	-	-	-	-
Increase (Decrease) from Other Changes		-	-	-	-	-
Total Comprehensive Income		-	-	-	944.430	-
- Profit for the Period		-	-	-	-	-
- Other Comprehensive Income (Expense)		-	-	-	944.430	-
Balances at 31 December 2020		300.000.000	1.020.551	23.800.684	(12.847.891)	(1.729.941)

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

Items to be reclassified to profit or loss	Restricted Reserves			Retained Earnings			Non-Controlling Interests	TOTAL EQUITY
	Currency Translation Differences	Legal Reserves	Gain on Disposal of Participating Preferred Stock and Properties	Prior Years Income	Profit For the Period	Equity Holders of the Parent		
	85,515,955	94,309,591	-	99,732,944	247,975,404	837,777,297	680,755	838,458,052
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	85,515,955	94,309,591	-	99,732,944	247,975,404	837,777,297	680,755	838,458,052
	-	18,215,577	-	229,759,827	(247,975,404)	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	(84,346,071)	-	(84,346,071)	-	(84,346,071)
	-	-	-	-	-	-	-	-
	142,869,352	-	-	-	553,222,655	686,748,472	369,304	687,117,776
	-	-	-	-	553,222,655	553,222,655	369,530	553,592,185
	142,869,352	-	-	-	-	133,525,817	(226)	133,525,591
	228,385,307	112,525,168	-	245,146,700	553,222,655	1,440,179,698	1,050,059	1,441,229,757

Items to be reclassified to profit or loss	Restricted Reserves			Retained Earnings			Non-Controlling Interests	TOTAL EQUITY
	Currency Translation Differences	Legal Reserves	Gain on Disposal of Participating Preferred Stock and Properties	Prior Years Income	Profit For the Period	Equity Holders of the Parent		
	61,439,335	88,622,550	-	138,226,791	88,834,444	586,422,093	543,349	586,965,442
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	61,439,335	88,622,550	-	138,226,791	88,834,444	586,422,093	543,349	586,965,442
	-	5,687,041	-	(16,852,597)	(88,834,444)	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	(21,641,250)	-	(21,641,250)	-	(21,641,250)
	-	-	-	-	-	-	-	-
	24,076,620	-	-	-	247,975,404	272,996,454	137,406	273,133,860
	-	-	-	-	247,975,404	247,975,404	137,283	248,112,687
	24,076,620	-	-	-	-	25,021,050	123	25,021,173
	85,515,955	94,309,591	-	99,732,944	247,975,404	837,777,297	680,755	838,458,052

SAR KUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Audited Current Period 01.01.2021 31.12.2021	Audited Prior Period 01.01.2020 31.12.2020
A) CASH FLOWS FROM OPERATING ACTIVITIES	(968.831.550)	(140.980.336)
PROFIT FOR THE PERIOD	553.592.185	248.112.687
Profit for the Period from Continuing Operations	553.592.185	248.112.687
Profit for the Period from Discontinued Operations		
Adjustments to reconcile profit for the period to cash generated from operating activities:	219.525.820	115.197.613
Depreciation and amortisation	18,19 31.343.652	27.563.612
Adjustments for interest income/expense	33 130.006.908	65.179.684
Adjustments for interest income	33 (13.783.350)	(7.757.100)
Adjustments for interest expenses	33 143.790.258	72.936.784
Adjustments for impairment loss/(reversal of impairment loss)	13, 31 33.835.195	16.985.078
Adjustments for Receivables Impairment (Reversal)	10 33.835.195	16.985.078
Adjustments for Other Impairment (Reversal)	11 -	-
Adjustments for Inventory Impairment (Reversal)	28 -	-
Adjustments for provisions	24 23.437.783	11.638.312
Adjustments for provisions for employee benefits (reversal)	12, 24 28.206.062	4.286.653
Adjustments for other provisions (reversal)	22 (4.768.279)	7.351.659
Adjustments for tax income/expense	35 209.335.131	61.574.690
Adjustments for Unrealized Currency Translation Differences	(158.054.906)	(43.520.453)
Adjustments for Fair Value Gains/(Losses)	14 (40.541.820)	(17.234.563)
Adjustments for Investment Properties Fair Value Increase/(Decrease)	(49.012.000)	(7.208.000)
Adjustments for Derivative Instruments Fair Value Increase/(Decrease)	14 8.470.180	(10.026.563)
Adjustments for Undistributed Profit on Investments Accounted for using the Equity Method	16 (9.836.123)	(6.988.747)
Adjustments for losses/(gains) on disposal of non-current assets	18 -	-
Changes in Working Capital	(1.614.385.754)	(465.927.396)
Decrease/(Increase) in Financial Investments	(405.650)	(220.961)
Adjustments for Gains/Losses in Trade Receivables	10 (1.462.083.582)	(427.430.767)
Gains/Losses from Inventories	13 (812.818.340)	(279.084.965)
Decrease/ (Increase) from Derivative Instruments	-	-
Adjustments for Gains/Losses In Other Receivables Related To Operations	11 (25.482.408)	2.668.820
Adjustments for losses/(gains) in Trade Payables	10 619.640.449	212.969.115
Adjustments for Gains/Losses In Other Payables Related To Operations	11,20,22 (11.121.908)	19.837.996
Decrease/(Increase) for Prepaid Expenses	26 (84.193.201)	(1.630.485)
Adjustments for increase (decrease) in payables due to employee benefits	24 7.063.735	7.811.281
Decrease/(Increase) from Deferred Income (Except Liabilities from Customer Contracts)	26 155.015.151	(847.430)
Other adjustments for increase (decrease) in other working capital	-	-
Total Cash Flows from Operating Activities	(841.267.749)	(102.617.096)
Payments Within Provisions Related To Employee Benefits	24 (3.007.296)	-
Income Taxes Refund/Paid	(124.556.505)	(38.363.240)
B) CASH FLOWS FROM INVESTING ACTIVITIES	(43.210.378)	(13.776.445)
Cash Outflows from Capital Increase or Interest in Subsidiaries or/and Joint Ventures	27 -	-
Cash inflows from sale of property, plant and equipment and intangible asset	18,19 670.330	2.989.611
Cash outflows from purchase of property, plant and equipment and intangible assets	18,19 (43.880.708)	(16.766.056)
Cash Outflows from purchase of investment properties	-	-
C) CASH FLOWS FROM FINANCING ACTIVITIES	1.031.044.410	237.912.879
Cash inflows from borrowings	8 3.672.751.169	1.806.820.361
Cash outflows from repayments of borrowings	8 (2.427.353.780)	(1.482.086.548)
Dividends Paid	27 (84.346.071)	(21.641.250)
Interest Paid	33 (143.790.258)	(72.936.784)
Interest Received	13.783.350	7.757.100
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES	19.002.482	83.156.098
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	142.869.352	24.076.620
Net Increase/(Decrease) in Cash and Cash Equivalents	161.871.834	107.232.718
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6 194.851.144	87.618.426
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6 356.722.978	194.851.144

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

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

(Amounts are expressed in (“TL”) unless otherwise indicated.)

NOTE 1 - GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

Sarkuysan Elektrolitik Bakir Sanayi ve Ticaret A.Ş. (“the Company” or “Sarkuysan”) was established on 3 May 1972 and its shares have been quoted on the Borsa İstanbul (“BIST Star Market”). Sarkuysan’s business activities include producing and trading electrolytic copper wire, copper and copper alloys.

The registered address of Sarkuysan is as follows: Emek Mahallesi Aşıroğlu Cad.No:147 Darıca, KOCAELİ

All of the shares of the Sarkuysan have been quoted on the Borsa İstanbul and there is no shareholder who is holding voting rights more than 10%.

As of 31 December 2021, the subsidiaries (“Subsidiaries”) and associates (“Associates”) included in the consolidation scope of Sarkuysan, their country of incorporation, nature of business and their respective business segments are as follows:

Parent Company	Subsidiaries and Associates	Nature of Business	Country of Incorporation	Total Ownership Interest %
Sarkuysan A.Ş.	Sarmakina San. ve Tic. A.Ş.	Packaging materials steel spools, import machinery’s manufacturing and export	Türkiye	99,00
Sarkuysan A.Ş.	Sarda Dağ.v e Tic.A.Ş.	Marketing and Distribution	Türkiye	99,97
Sarkuysan A.Ş.	Bektaş Emaye Kablo San. Tic. A.Ş.	Rent income and subsidiary revenues	Türkiye	70,71
Sarda Dağ. ve Tic. A.Ş.	Bektaş Emaye Kablo San. Tic. A.Ş.	Rent income and subsidiary revenues	Türkiye	29,13
Sarkuysan A.Ş.	Ege Serbest Bölge Şubesi	Import and trade of electrolytic copper wire	Türkiye	100,00
Sarkuysan A.Ş.	Demisaş DökümEmaye Mam.San. A.Ş.	Import and trade of steels parts for automotive and household appliances	Türkiye	44,44
Sarkuysan A.Ş.	Bemka Kupferlackdraht GMBH.	Marketing and Distribution	Almanya	99,60
Sarkuysan A.Ş.	Sark Bulgaria A.D.	Production of Electrolytic Copper And Con-ductors	Bulgaristan	90,00
Sarkuysan A.Ş.	Sark Wire Corp.	Copper wire production and marketing	ABD	73,34
Bektaş Emaye Kablo San. Tic. A.Ş.	Sark Wire Corp.	Copper wire production and marketing	ABD	12,12
Sarmakina San. Ve Tic. A.Ş.	Sark Wire Corp.	Copper wire production and marketing	ABD	14,54
Sarmakina San. Ve Tic. A.Ş.	Sark Bulgaria A.D.	Production of Electrolytic Copper And Con-ductors	Bulgaristan	10,00
Sarmakina San. Ve Tic. A.Ş.	Sark Gıda San. Tic. A.Ş.	Food and retail (established on 8 November 2021)	Türkiye	99,00

The accompanying consolidated financial statements and related notes of the Sarkuysan and its “Subsidiaries” and “Associate” together hereinafter referred as the “Group”.

Total end of period and average number of personnel employed by Sarkuysan is 1.129 (31 December 2020: 1.110).

	31 December 2021	31 December 2020
Unionized Labour	610	597
Free Labour	84	81
White-Collar Worker	435	432
Total	1.129	1.110

The accompanying consolidated financial statements have been prepared in accordance with the provisions of Capital Markets Board (“CMB”) Communiqué No: II-14.1-“Communiqué on Principles of Financial Reporting in Capital Markets” (“Communiqué”) and these consolidated financial statements as of and for the year ended 31 December 2021 have been approved for issue by the Board of Directors (“BOD”) on 11 March 2022 and signed by Chairman of The Board Hayrettin ÇAYCI and Accounting Director Şefiye YAYLA on behalf of Board of Directors. These consolidated financial statements will be finalised following their approval in the General Assembly

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

(Amounts are expressed in ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**2.01 Basis of Presentation**

Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş. maintains their books of account and prepares their statutory financial statements in Turkish Lira in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. Subsidiaries and associate operating in foreign countries prepare accounting records and statutory financial statements according to currencies of the country where they are in and in accordance with the legislation of the countries. The Group's consolidated financial statements are presented with the Group's functional currency which is used primary economic conditions. Accordingly the Group's financial position and operation results are expressed in Turkish Lira.

The consolidated financial statements of the Group have been prepared in accordance with Turkish Financial Reporting Standards ("TFRS") promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") that are set out in the 5th article of the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") on 13 June 2013 and published in Official Gazette numbered 28676.

The accompanying consolidated financial statements are presented in accordance with the "Announcement regarding to TAS Taxonomy" which was published on 15 April 2019 by POA and the format and mandatory information recommended by CMB.

Financial Statements of the Subsidiaries which are Operated Abroad:

If the functional currency of any of the group companies is different than the reporting currency, the functional currency is translated into reporting currency according to the following rules (none of the currencies of the group companies belong to a hyper inflationist economy)

- Assets, liabilities and equity items except for the ones arising as a result of presenting income and expenses in the current period financial statements (except certain equity items) are translated into Turkish Lira at the closing rate at the date of that statement of financial position. Capital and capital reserves are carried at their historical nominal values and the translation differences arising from these are recognized under the equity as currency translation differences.
- Income and expenses in the statement of profit or loss are translated by the average exchange rate and the currency translation differences are recognized under "Statement of Changes in Equity" and "Statement of Other Comprehensive Income".
- When a section of the foreign operations are sold, the exchange differences which were recognized under "Statement of Changes in Equity" are transferred to "Statement of Income" as revenue or cost of sales. Goodwill and fair value adjustments arising from an acquisition of a foreign company are considered to be assets and liabilities of the acquired entity and are translated using the closing exchange rate.

2.02 Dealing with the Inflation Effects in Hyper-Inflationary Periods

Before the related legislation of Turkish Commercial Code no. 6102 and the Decree Law no. 660, Capital Markets Board ("CMB"), a decision which was taken on 17 March 2005, companies operating in Turkey and for companies that prepare consolidated financial statements in accordance with CMB Accounting Standards, it is not necessary the inflation accounting application, to be effective from January 1, 2005 as announced, as of this date Turkey Accounting Standard 29 "Financial Reporting in Hyper inflationary Economies" practice of preparation and presentation of consolidated financial statements has ended.

2.03 Basis of Consolidation

Subsidiary is company over which Sarkuysan has the power to control the financial and operating policies for the benefit of Sarkuysan, either (a) through the power to exercise more than 50% of voting rights relating to the shares in the companies as a result of the ownership interest owned directly and indirectly by itself, and/or by certain Sarkuysan members and companies owned by them where by Sarkuysan exercises control over the ownership interest of the shares held by them and shares to be used according to Sarkuysan preferences; or (b) although not having the power to exercise more than 50% of the ownership interest, Sarkuysan has power to control the investee due to the dispersed capital structure of the investee and/or Sarkuysan has rights or is exposed to variable returns from its involvement with the investee and when at the same time it has the power to affect these returns through its power over the investee.

The balance sheets and income statements of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Sarkuysan and its Subsidiaries is eliminated against the related equity. Intercompany transactions and balances between Sarkuysan and its Subsidiaries are eliminated during the consolidation. The nominal amount of the shares held by Sarkuysan in its Subsidiaries dividends are eliminated from equity and income for the period, respectively.

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As of 31 December 2021 and 2020, the subsidiaries ("Subsidiaries") included in the consolidation scope of Sarkuysan, their ownership interests is as follows:

31 December 2021

Subsidiaries	Direct ownership interest held by Sarkuysan	Indirect ownership interest held by Sarkuysan	Total Ownership Interest
Sarmakina San. ve Tic. A.Ş.	99%	-	99%
Sarda Dağ.ve Tic.A.Ş.	99,97%	-	99,97%
Bektaş Emaye Kablo San. Tic. A.Ş.	70,71%	29,13%	99,84%
Ege Serbest Bölge Şubesi	100%	-	100%
Sark Wire Corp.	73,34%	26,66%	100%
Sark Bulgaria A.D.	90%	10%	100%
Bemka Kupferlackdraht GMBH	99,60%	-	99,60%
Sark Gıda	99%	-	99,00%

31 Aralık 2020

Subsidiaries	Direct ownership interest held by Sarkuysan	Indirect ownership interest held by Sarkuysan	Total Ownership Interest
Sarmakina San. ve Tic. A.Ş.	99%	-	99%
Sarda Dağ.ve Tic.A.Ş.	99,97%	-	99,97%
Bektaş Emaye Kablo San. Tic. A.Ş.	70,71%	29,13%	99,84%
Ege Serbest Bölge Şubesi	100%	-	100%
Sark Wire Corp.	73,34%	26,66%	100%
Sark Bulgaria A.D.	90%	10%	100%
Bemka Kupferlackdraht GMBH	99,60%	-	99,60%

Investments in Associates are accounted by the equity method. These are entities over which the Group generally has between 20% and 50% of voting rights or has significant influence, but does not have control on these subsidiaries operations. Unrealized gains that result from intercompany transactions between the Group and its Associates are eliminated on consolidation, whereas unrealized losses are eliminated unless they do not address any impairment. Equity accounting is discontinued when the carrying amount of the investment in an Associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the Associates. Such associates are accounted at fair value if the fair value can be determined reliably; otherwise, they are accounted at cost.

Demisaş A.Ş., is one of Sarkuysan Elektrolitik Bakır Sanayi and Ticaret A.Ş.'s associate, is accounted for under the equity method. According to equity method, associates are recognized initially at acquisition cost, and subsequently the amount of the parent's interest in the associates' equity is reflected to consolidated financial statements by either adding the increase in the amount to the investment amount or subtracting the losses from the investment amount.

As of 31 December 2021 and 2020, the associates ("Associates") included in the consolidation scope of Sarkuysan, their ownership interests is as follows:

31 December 2021

Associate	Direct ownership interest held by Sarkuysan	Indirect ownership interest held by Sarkuysan	Total Ownership Interest
Demisaş Döküm Emaye Mam.San.A.Ş.	%44,44	-	%44,44

31 December 2020

Associate	Direct ownership interest held by Sarkuysan	Indirect ownership interest held by Sarkuysan	Total Ownership Interest
Demisaş Döküm Emaye Mam.San.A.Ş.	%44,44	-	%44,44

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Financial assets in which the Group and its Subsidiaries and Associate, have interest below 20%, or over which the Group does not have a significant influence even though having more than an interest over 20%, are classified as financial assets available for sale. Financial assets available for sale that do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost less any provision for impairment. Financial assets available for sale that have a quoted market price in active markets and whose fair values can be measured reliably are carried at fair value. **(Note.7)**

Non-controlling shares in the net assets and operating results of Subsidiaries are separately classified in the consolidated financial statements as "non-controlling interests"

2.04 Comparatives and Adjustment of Prior Period Financial Statements

The current period consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in financial position and performance. Comparative figures are reclassified, where necessary, to conform to the changes in the presentation of the current period consolidated financial statements.

2.05 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with TFRS requires management to make estimates and assumptions that are reflected in the measurement of income and expense in the consolidated statement of profit or loss and in the carrying value of assets and liabilities in the consolidated balance sheet, and in the disclosure of information in the notes to the consolidated financial statements. Managements do exercise judgment and make use of information available at the date of the preparation of the consolidated financial statements in making these estimates. The actual future results from operations in respect of the areas where these judgments and estimates have been made may in reality be different than those estimates.

The key assumptions concerning the future and other key resources of estimation at the consolidated balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the significant judgments (apart from those involving estimations) with the most significant effect on amounts recognized in the consolidated financial statements are as follows:

- a. Provision for employment termination benefits is determined by using actuarial assumptions (discount rates, future salary increases and employee exit rates). The estimates regarding Turnover rate to estimate the probability of retirement have disclosed under "Provisions for employee benefits". **(Note 24)**
- b. The Group depreciates its property, plant and equipment on a straight-line basis over their useful lives. Estimated useful life residual value and depreciation method are reviewed every year for possible effects of changes in estimates and are accounted for prospectively if there is a change in estimates. **(Note 2.09.03-2.09.04)**
- c. On the provision for lawsuits in **Note 22**, the probability of losing these cases regarding collecting the receivables and the consequences to be faced if these cases are lost evaluated in accordance with the opinions of the Group's legal counsel as of 31 December 2021 and 2020.
- d. In determining the impairment of trade receivables, creditworthiness of debtors, past payment performances and restructuring conditions, collaterals of mortgages and receivable insurance amounts taken into consideration. **(Note 10)**. In addition, the Group hedges its domestic and foreign receivables with insurance, letters of guarantee and various guarantees in accordance with the credit risk policy. The Group calculates the expected credit loss using the expected life-to-maturity ratio by adopting the simplified approach model for trade receivables that does not include a significant financing component in accordance with TFRS 9. This model is based on a review of the collection performance of the customer on the basis of past and the comparison of the sales made and the submerged ratio account which includes future forecasts taking into account the future credit risks and macroeconomic impacts. In the expected credit loss calculations, the right to insurance indemnity and letters of guarantee are considered as the most liquid collaterals and are taken into account in the calculations. The Group makes forward-looking estimates of the collection performances, taking into account the effects of economic growth expectations and the exchange rate effects of foreign currency exchange rates.
- e. The physical properties of the inventories and the past are examined in relation to the inventory impairment, the availability of the personnel is determined according to the opinions of the technical personnel and provision is made for the items that are estimated to be unavailable. Average sales prices are used to determine the net realizable value of inventories. The information about the inventory impairment that has been set as of the balance sheet date is given in **Note 13**.
- f. The Group has been applied revaluation model for its "Investment Properties" in the accompanying consolidated financial statements. **(Note 2.09.19)**

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2.06. Changes in Accounting Policies

Any change in accounting policies resulting from the first time adoption of a new TFRS is made either retrospectively or prospectively in accordance with the transition requirements of TFRS. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. If changes in accounting estimates are related to only one period, they are recognised in the period when the changes are applied; if changes in estimates are related to future periods, they are recognised both in the period where the change is applied and in future periods prospectively. The Group doesn't have any significant changes in accounting policy or accounting estimates in the current period.

2.07 Changes in Accounting Estimates and Errors

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

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

2.08 Offsetting

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

2.09 Summary of Significant Accounting Policies

Accounting policies used in the preparation of consolidated financial statements are summarised below:

2.09.01 Revenue Recognition

In accordance with "TFRS 15 Revenue from Contracts with Customers" standard is that the entity reflects the proceeds to the consolidated financial statements from an amount that reflects the cost that the Group expects to qualify for the transfer of the goods or services it commits to its customers.

Revenue is accounted for in the consolidated financial statements within the scope of the five-stage model below in accordance with the TFRS 15 standard.

- 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.

Group revenue consists mainly of electrolytic copper wire, copper and composite sales to the domestic market and overseas and subcontracting services. In addition, rent income arising from investment properties is presented under sales.

When the revenue from services can be measured reliably, the revenue is recorded in accordance with its completion level. If the revenue cannot be measured reliably, revenue is recognized as much as the recoverable amount of expenses that are associated with this revenue.

Other miscellaneous income that are derived by the Group, are recognized as follows:

Interest Income, on the basis of effective interest method

Rent and Royalty Income, on an accruals basis in accordance with the substance of the relevant agreement

Dividend Income, when the shareholder's right to receive payment is established.

Rent income arising from investment properties is recognized on a straight-line basis over the term of the respective lease.

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If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is adjusted. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis and classified under other operating income.

2.09.02 Inventories

Inventories are evaluated at either the lower of acquisition cost or net realizable value. Cost of inventories includes; all purchasing costs, covering costs and other costs incurred to make the inventories ready to sell. The covering costs of inventories include costs which are directly related to production such as direct labor expense. Those costs also include systematically distributed costs from fixed and variable general production expenses incurred in covering direct raw material to the goods.

The cost of inventory calculated by the Group is the average annual cost method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.09.03 Property, Plant and Equipment and related depreciation

Property, plant and equipments are carried at cost less accumulated depreciation as of December 31, 2004 for the items purchased before 01 January 2005 and for the items purchased as of January 1, 2005, less the accumulated depreciation. Depreciation is provided for property, plant and equipment on a straight-line basis over their estimated useful lives.

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

Type	Economic Useful Lives (Year)	31 December 2021 Ratio (%)	31 December 2020 Ratio (%)
Land Improvements	25	4	4
Buildings	50	2	2
Plant, Machinery and Equipment	8-12,5	8-12,5	8-12,5
Furniture and Fixtures	5	20	20
Motor Vehicles	5	20	20
Other Property, Plant and Equipment	5	20	20
Leasehold Improvements	5	20	20

Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their net carrying amounts and are classified under “gains/losses from investing activities” in the current period.

Repairs and maintenance expenses are charged to the income statements during the period in which they are incurred. Machinery and equipment are capitalised and amortised when their capacity is fully available for use.

2.09.04 Intangible Assets and related amortisation

Intangible Assets are stated at cost less accumulated depreciation and amortisation and accumulated impairment losses for items purchased before January 01, 2005, adjusted for the effects of inflation and the cost of acquisition for items purchased after January 01, 2005. Intangible Assets cannot be capitalized and expenses incurred during the period in which they are incurred are excluded, except for expenses incurred in the development of new products that are planned to be produced within the Group. Intangible assets are amortized on a straight-line basis over their estimated useful lives. Capitalized development costs are amortized on a straight-line basis over their estimated useful lives following the commencement date of the product. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being recognized for on a prospective basis. The amortisation periods for intangible assets, which approximate the economic useful lives of such assets, are as follows:

Type	Economic Useful Lives (Year)	31 December 2021 Ratio (%)	31 December 2020 Ratio (%)
Rights	3 – 15	7-33	7-33
Development Costs	5	20	20
Other Intangible Assets	3 – 10	10 – 33	10 – 33

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2.09.05 Impairment of Assets

Assets with an indefinite useful life, such as goodwill, are not subject to amortisation. An impairment test is applied to these assets each year. For assets subject to amortisation, impairment test is applied if the book value cannot be recovered. An impairment loss is recognized if the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets except goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.09.06 Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Group considers following indicators for the assessment of whether a contract conveys the right to control the use of an identified asset for a period of time or not:

- a. The contract includes an identified asset (contract includes a definition of a specified asset explicitly or implicitly),
- b. A capacity portion of an asset is physically distinct or represents substantially all of the capacity of an asset (if the supplier has a substantive right to substitute the asset and obtain economic benefits from use of the asset, then the asset is not an identified asset),
- c. The Group has the right to obtain substantially all of the economic benefits from use of the identified asset,
- d. The Group has the right to direct the use of an identified asset. Group has the right to direct how and for what purpose the asset is used throughout the period of use or relevant decisions about how and for what purpose the asset is used are predetermined: Group has the right to direct the use of the asset throughout the period of use only if either:
 - i. The Group has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions; or
 - ii. The Group designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

The finance lease payables of the Group is disclosed in **Note 8**.

Property, plant and equipment acquired under finance lease are depreciated over their estimated useful lives. Net book value of assets acquired under finance lease are disclosed in **Note 18**.

Right of Use Assets - Group as a Lessee

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease following the consideration of the above mentioned factors.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- a. The amount of the initial measurement of the lease liability,
- b. Any lease payments made at or before the commencement date, less any lease incentives received,
- c. Any initial direct costs incurred by the Group, and
- d. An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

When applying the cost model, the Group measures the right-of-use asset at cost:

- a. Less any accumulated depreciation and any accumulated impairment losses; and
- b. Adjusted for any remeasurement of the lease liability.

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

The Group applies TAS 36 Impairment of Assets Standard to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease Liability

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease, if that rate can be readily determined, or by using the Group's incremental borrowing rate.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- a. Fixed payments, less any lease incentives receivable,
- b. Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- c. The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- d. Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability by:

- a. Increasing the carrying amount to reflect interest on the lease liability,
- b. Reducing the carrying amount to reflect the lease payments made, and
- c. Remeasuring the carrying amount to reflect any reassessment or lease modifications. The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

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

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

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

- a. A change in the lease term. The Group determines adjusted lease payments based on the adjusted lease term.
- b. A change in these payments as a result of an index or rate change used to determine future lease payments. The Group remeasures the lease liabilities to reflect the adjusted lease payments only when there is a change in cash flows.

The Group determines the adjusted lease payments for the remaining lease term based on the adjusted contractual payments. In this case, the Group uses an unchanged discount rate.

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

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

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The Group determines the adjusted lease payments for the remaining lease term based on the adjusted contractual payments. In this case, the Group uses an unchanged discount rate.

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

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

Group as Lessor

The Group classifies each of the leases as operating leases or finance leases.

A lease is classified as a finance lease when all risks and gains of ownership of the underlying asset are substantially transferred. A lease is classified as an operating lease if all risks and gains of ownership of the underlying asset are not substantially transferred.

For a contract that includes one or more additional leasing components or not carrying a component, the Group distributes the contractual value by applying TFRS 15, "Revenue from Contracts with Customers" standard.

The Group as Lessor:

The operating leasing collections are recognised as an income over the lease term on a straight-line basis. The Group's rent income from investment property is recognized under revenue, other rent income is recognized under other operating income. Intercompany transactions and balances between Sarkuysan and its Subsidiaries are eliminated during the consolidation (**Note 31**).

2.09.07 Research and Development Costs

Development costs are recognized as an expense in the period which they incurred. Development costs from prior periods are not capitalized in subsequent periods. Development cost can be recognized as intangible asset if the following criteria met:

- ability to measure reliably the expenditure attributable to the intangible asset during its development,
- technical efficiency/ feasibility can be measured,
- ability to use or sell the intangible asset,
- demonstrate the existence of a market for the output of the intangible asset or if it is to be used internally, the usefulness of the intangible asset,
- availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset,

Development costs that meet the above mentioned criteria can be capitalized and depreciated on straight-line basis over their estimated useful lives. The Group does not have any capitalized development costs during the period. (31 December 2020: None.)

2.09.08 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. When the financial borrowings have not started to disburse on investment, temporary financial income from these financial borrowings can be offset against borrowing costs. All other borrowing costs are recognized in profit or loss in the period in which they are incurred. The Group does not have capitalized financing costs during the period.

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2.09.09 Financial Instruments**1. Financial Assets****i. Financial Assets and Liabilities-Classification and Measurement**

A financial asset is recognized for the first time in its consolidated financial statements:

- a. Financial instruments measured at amortised cost
- b. Debt instruments at fair value ("FV") through other comprehensive income;
- c. Equity instruments at fair value ("FV") through other comprehensive income
- d. Financial instruments at fair value ("FV") through profit or loss

For financial assets, reclassification is required between FVTPL, FVTOCI and amortised cost, if and only if the entity's business model objective for its financial assets changes so its previous model assessment would no longer apply. If reclassification is appropriate, it must be done prospectively from the reclassification date which is defined as the first day of the reporting period following the change in business model.

A financial asset that meets the following two conditions must be measured at FVTOCI unless the asset is designated at FVTPL under the fair value option.

- a. **Business model test:** The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b. **Cash flow characteristics:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument at FV through other comprehensive income if both of the following conditions are met and the FV is not classified as measured by the difference in profit or loss:

- The retention of the financial asset based on a business model aimed at collecting contractual cash flows and selling financial assets;
- The contractual terms of the financial asset lead to cash flows that include interest payments on principal and principal balance on certain dates.

All financial assets that are not measured by the above mentioned amortised cost or measured at FV through other comprehensive income are measured at FV through profit or loss. These include all derivative financial assets. In the event that financial assets are recognized for the first time in their consolidated financial statements; an irreversible amount of a financial asset is measured at fair value through profit or loss provided that it eliminates or substantially reduces an accounting mismatch arising from the different measurement of financial assets and the gain or loss related to them in the consolidated financial statements.

In the first measurement of the financial assets other than the fair value changes that are reflected to the profit or loss (except for the trade receivables that are measured at the transaction cost and not having an important financing component at the time of the consolidated financial statements), the transaction costs directly attributable to the acquisition or issuance thereof are also added to the fair value.

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ii. Impairment of Financial Assets

Financial assets and contractual assets measured at amortized cost but is not applied to investments on equity instruments.

Financial assets measured at amortized cost consist of trade receivables, other receivables and cash and cash equivalents.

The provisions for trade receivables, other receivables, other assets and contractual assets are always measured at an amount equal to the expected credit losses for life.

When determining whether the credit risk in a financial asset has increased substantially since its adoption in the consolidated financial statements and the expected credit losses are estimated, reasonable and supportable information that can be obtained without incurring excessive costs or efforts is taken into consideration. These include qualitative and quantitative information and analyzes and forward-looking information based on the Group's past experience and informed credit evaluations.

Transition to TFRS 9

Business models and measurement requirements of financial assets in accordance with TFRS 9 "Financial Instruments" standard are as follows.

Financial Assets Presented in the Financial Statements	TFRS 9 Measurement
Deposits	Measured at Amortized Cost
Notes/(Securities)	Measured at Amortized Cost
Trade Receivables	Measured at Amortized Cost
Derivative Instruments	Financial Assets at Fair Value Through Profit or Loss
Equity Instruments (Share Certificates)	Financial Assets at Fair Value Through Other Comprehensive Income

Credit-impaired financial assets

The Group assesses whether the financial assets measured at amortized cost are diminished in each reporting period. Under TFRS 9 a financial asset is credit-impaired when one or more events that have occurred and have a significant impact on the expected future cash flow of the financial asset. It includes observable data that has come to the attention of the holder of a financial asset about following events:

- significant financial difficulty of the issuer or borrower;
- a breach of contract, such as a default or past-due event;
- the lenders for economic or contractual reasons relating to the borrower's financial difficulty granted the borrower a concession that would not otherwise be considered;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for the financial asset because of financial difficulties.

Presentation

In the case of a financial asset that is not purchased or originated credit-impaired financial asset and for which there is no objective evidence of impairment at the reporting date, interest revenue is calculated by applying the effective interest rate method to the gross carrying amount.

Derecognition

If there is no reasonable expectation to recover a cash flow higher than the financial asset, the gross amount of the financial asset is deducted from the records. This is generally the case when the Group determines that the borrower does not have sufficient sources of income or assets that can repay the amounts subject to the reversal. However, the financial assets that are derecognized may still be subject to sanction activities applied by the Group for the recovery of past due receivables.

Financial assets are deducted from the records if there is no expectation of recovery (such as the debtor does not make any repayment plans with the Group). The Group continues to exercise sanctions in order to recover the receivables of trade receivables, other receivables, other assets and contract assets. The recovery amounts are recognized in statement of income.

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2.09.10 Foreign Currency Translation

Foreign currency transactions are translated into Turkish Lira using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates at the balance sheet date. Foreign currency gains or losses arising from the translation of foreign currency-based monetary assets and liabilities are reflected in consolidated statement of profit or loss.

Currency translation differences are recognized in profit or loss in the period in which they incurred except:

- Currency translation differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings,
- Currency translation differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies),
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

2.09.11 Earnings Per Share

Earnings per share disclosed in the consolidated income statement are determined by dividing net income attributable to equity holders of the parent by the weighted average number of shares outstanding during the period concerned.

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

2.09.12 Events After the Balance Sheet Date

Subsequent events cover all events that occur between the balance sheet date and the publication date of the consolidated financial statements. The Group adjusts the amounts recognised in its consolidated financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the consolidated financial statements, they are disclosed in the notes to the consolidated financial statements.

2.09.13 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Contingent liabilities are consistently reviewed prior to the probability of any cash out-flow. In case of the cash outflow is probable, provision is set forth in the consolidated financial statements of the year the probability of contingent liability accounts is changed. A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and reliable estimate can be made for the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

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

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2.09.14 Related Parties

For the purpose of these consolidated financial statements, shareholders, parents of Sarkuysan A.Ş., key management personnel and Board of Directors members, their close family members and the legal entities over which these related parties exercise control and significant influence, are considered and expressed as "related parties". The transactions with the related parties from ordinary operations are occurred in accordance with the market conditions (**Note.37**).

2.09.15 Government Grants

The government grants and research and development incentives are accounted for according to accrual basis at the fair value when the authorities approve the Group's submission for these incentives.

2.09.16 Taxes on Income

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis. Income tax expense (or income) is the sum of the current tax expense and the deferred tax expense (or income).

Current tax

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

Deferred Tax

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

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

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

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

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

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Current and deferred tax for the period

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

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

Offsetting in Tax Assets and Liabilities

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

2.09.17 Provision for Employment Termination Benefits

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

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

2.09.18 Statement of Cash Flow

Cash and cash equivalents are carried at their fair values in the consolidated balance sheets. The cash and cash equivalents comprises cash in hand, bank deposits and highly liquid investments. Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows generated from the Group's activities. Cash flows from investing activities represent the cash flows that are used in or provided from the investing activities of the Group (tangible and intangible assets and financial assets).

Cash flows from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

2.09.19 Investment Properties

Investment Properties, are real estates that held for the purpose of gaining rent or appreciation of its value are recognized at cost value less accumulated depreciation and accumulated impairment losses, if any. If it meets the accepted criteria, the amount included in the balance sheet includes the cost of changing any part of the existing Investment Property. This amount does not include daily maintenance for Investment Property.

In the event that Investment Properties are not used or sold, they are removed from the balance sheet. Gains or losses arising from the sale of these properties are recognized in the income statement. Properties within the operating lease have been classified as investment properties.

Investment properties are reviewed for possible impairment losses and where the carrying amount of the investment property is greater than the estimated recoverable amount, it is written down to its recoverable amount. Recoverable amount of the investment property is the higher of future net cash flows from the utilisation of this investment property or fair value less cost to sell.

Group's investment property is presented at their fair value in the consolidated financial statements. Therefore, investment property is not subject to depreciation. The fair values of the properties were determined according to the results of the appraisal reports signed by a licensed Real Estate Appraisal Company in line with the regulations of the CMB Communiqué Serial VIII No: 35 "Communiqué On Principles Regarding Appraisal Companies And Their Listings By The Board" (Note 17)

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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2.10 Capital and Dividend

Dividend income is recognised by the Group at the date the right to collect the dividend is realised and classified as equity. Dividend payables are recognised as liability less retained earnings in the consolidated financial statements following the approval of the general assembly.

2.11 Foreign Currency Transactions

Functional and presentation currency

Items included in the consolidated financial statements of the Subsidiaries and Associates of the Sarkuysan are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in TL, which is Sarkuysan A.Ş's functional and presentation currency

Foreign currency transactions and balances

The functional currencies of foreign subsidiaries are translated using the exchange rates prevailing at the dates of the transactions in accordance with the Turkish Financial Reporting Standards announced by CMB. Monetary assets and liabilities denominated in foreign currencies are translated into Turkish Lira using the exchange rates at the balance sheet date. Foreign exchange gains and losses resulting from trading activities (trade receivables and payables) denominated in foreign currencies of the Group companies operating in the non-finance sectors, have been accounted for under "other operating income/expenses" whereas foreign exchange gains and losses resulting from the translation of other monetary assets and liabilities denominated in foreign currencies have been accounted for under "financial income/expenses" in the consolidated income statement. Foreign exchange gains and losses resulting from monetary assets and liabilities denominated in foreign currencies of the Group companies operating in the finance sector, have been classified under "revenue/cost of finance sector operations" in the consolidated income statement.

The consolidated financial statements of Group's subsidiaries operating in The United States of America, Bulgaria, Germany are translated from foreign currency into TL as of 31 December 2021 and 2020 and the foreign currencies and TL equivalents are as follows:

The year-end and average rates for 2021 and 2020 for one USD, EUR and LEVA can be summarized as below:

As of the Balance Sheet Date

	USD	EURO	LEVA
31 December 2021	13,3290	15,0867	7,6704
31 December 2020	7,3405	9,0079	4,5798

Average Rate

	USD	EURO	LEVA
1 January 2021-31 December 2021	8,8407	10,4238	5,3082
1 January 2020-31 December 2020	7,0034	8,0140	4,0745

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2.12 Going Concern

The Group has prepared its consolidated financial statements with the assumption on the Group’s ability to continue its operations in the foreseeable future as a going concern basis of accounting.

2.13 New and Revised Turkish Financial Reporting Standards**Standards and interpretations issued but not yet effective and not early adopted as at 31 December 2021*****Standards issued but not yet effective and not early adopted***

A number of new standards, interpretations of and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Group has not early adopted are as follows:

COVID-19-Related Rent Concessions beyond 30 June 2021 (the 2021 amendment)

International Standard Board (“IASB”) has extended the practical expedient by 12 months – permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022. The original amendment was issued in May 2020 to make it easier for lessees to account for covid-19-related rent concessions, such as rent holidays and temporary rent reductions, while continuing to provide useful information about their leases to investors. Related changes were published by POA as Amendments to TFRS 16 on June 5, 2020.

The amendment is effective for annual reporting periods beginning on or after 1 April 2021. Lessees are permitted to apply it early, including in financial statements not authorised for issue as of 31 March 2021 the date of publication of this amendment. In other words, if the financial statements for the accounting periods before the date of publication of the amendment have not yet been issued, it is possible to apply this amendment for the relevant financial statements. The 2021 amendments are applied retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings.

The original version of the practical expedient was, and remains, optional. However, the 2021 amendments are, in effect, not optional. This is because a lessee that chose to apply the practical expedient introduced by the 2020 amendments has to consistently apply the extension to eligible contracts with similar characteristics and in similar circumstances.

This means that lessees will need to reverse previous lease modification accounting if a rent concession was ineligible for the original practical expedient under the 2020 amendments but becomes eligible as a result of the extension.

Reference to the Conceptual Framework (Amendments to TFRS 3)

In May 2020, IASB issued Reference to the Conceptual Framework, which made amendments to TFRS 3 Business Combinations. The amendments updated TFRS 3 by replacing a reference to an old version of the Board’s Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. And then, TFRS 3 amendment was issued on 27 July 2020 by POA to reflect these amendments.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

Property, Plant and Equipment—Proceeds before Intended Use (Amendments to TAS 16)

In May 2020, IASB issued Property, Plant and Equipment—Proceeds before Intended Use, which made amendments to TAS 16 Property, Plant and Equipment.

The amendments improve transparency and consistency by clarifying the accounting requirements—specifically, the amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. And then, TAS 16 amendment was issued on 27 July 2020 by POA to reflect these amendments.

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The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. The amendments apply retrospectively, but only to items of Property, Plant and Equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other appropriate component of equity.

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to TAS 37)

In May 2020, IASB issued Onerous Contracts—Cost of Fulfilling a Contract, which made amendments to TAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. And then, TAS 37 amendment was issued on 27 July 2020 by POA to reflect these amendments.

IASB developed amendments to TAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

IFRS 17 – Insurance Contracts

On 16 February 2019, POA issued IFRS 17 Insurance Contracts. This first truly globally accepted standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. IFRS 17 replaces IFRS 4, which was brought in as an interim Standard in 2004. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. IFRS 17 has an effective date of 1 January 2023 but companies can apply it earlier.

The Group is assessing the potential material impact on its consolidated financial statements resulting from the application of IFRS 17.

Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17)

In December 2021, IASB issued Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17). Related changes were published by POA as Amendments to IFRS 17 on 31 December 2021.

The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements. IFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after 1 January 2023.

The Group is assessing the potential material impact on its consolidated financial statements resulting from the application of IFRS 17.

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

IFRS 4 has also been amended by POA within the amendments issued by IASB in order to reduce the impact of the differing effective dates of the new insurance contracts standard and IFRS 9. These amendments to IFRS 4 provide two optional solutions for insurers to reduce concerns about implementations: i) when applying IFRS 9 by insurers to its financial assets, an insurer will be permitted to reclassify the difference between profit or loss and other comprehensive income and the amounts recognised in profit or loss under IFRS 9 and those that would have been reported under TAS 39; or ii) an optional temporary exemption from applying IFRS 9 for companies whose activities are predominantly connected with insurance before January 1, 2021. These companies will be permitted to continue to apply existing requirements for financial instruments in TAS 39.

The Group is assessing the potential material impact on its consolidated financial statements resulting from the application of IFRS 4.

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

On 23 January 2020, IASB issued “Classification of Liabilities as Current or Non-Current” which amends TAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position which are issued by POA on 12 March 2020 as amendments to TAS 1.

The amendments clarify one of the criteria in TAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments include:

- a. Specifying that an entity’s right to defer settlement must exist at the end of the reporting period;
- b. Clarifying that classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement;
- c. Clarifying how lending conditions affect classification; and
- d. Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The Group shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, IASB decided to defer the effective date of TAS 1 until 1 January 2023 with the amendment published on 15 July 2020, and the amendment was issued by POA on 15 January 2021.

The Group is assessing the potential material impact on its consolidated financial statements resulting from the application of the amendments to TAS 1.

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to TAS 12 Income Taxes

In May 2021 IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, which amended TAS 12 Income Taxes. Related changes were published by POA as Amendments to TAS 12 on 27 August 2021.

The amendments to TAS 12 Income Taxes clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The amendments clarify that the exemption does not apply to transactions such as leases and decommissioning obligations. These transactions give rise to equal and offsetting temporary differences.

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

The Group is assessing the potential material impact on its consolidated financial statements resulting from the application of the amendments to Amendments to TAS 12.

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Definition of Accounting Estimates (Amendments to TAS 8)

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty which is issued by IASB on 12 February 2021. Related changes were published by POA as Amendments to TAS 8 on 11 August 2021.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying TFRS 9 Financial Instruments; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying TAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The Group is assessing the potential material impact on its consolidated financial statements resulting from the application of the amendments to Amendments to TAS 8.

Disclosure of Accounting Policies (Amendments to TAS 1)

IASB has issued amendments to TAS 1 Presentation of Financial Statements and an update to TFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures on 12 February 2021. Among these amendments, the ones related to TAS 1 were published by POA as Amendments to TAS 1 on 11 August 2021.

The key amendments to TAS 1 include:

- e. requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- f. clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are effective from 1 January 2023, but companies can apply it earlier.

The Group is assessing the potential material impact on its consolidated financial statements resulting from the application of the amendments to Amendments to TAS 1.

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Annual Improvements to TFRS Standards 2018–2020**Improvements to TFRSs**

For the current standards, “Annual Improvements in TFRSs / 2018-2020 Cycle” published by POA on 27 July 2020 is presented below. The amendments are effective as of 1 January 2022. Earlier application is permitted. The Group does not expect that application of these improvements to TFRSs will have material impact on its consolidated financial statements.

TFRS 1 First-time Adoption of Turkish Financial Reporting Standards

This amendment simplifies the application of TFRS 1 for a subsidiary that becomes a first-time adopter of TFRS Standards later than its parent – i.e. if a subsidiary adopts TFRS Standards later than its parent and applies TFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the financial statements of the parent, based on the parent’s date of transition to TFRSs. This amendment will ease transition to TFRS Standards for subsidiaries applying this optional exemption by i) reducing undue costs; and ii) avoiding the need to maintain parallel sets of accounting records.

TFRS 9 Financial Instruments

This amendment clarifies that – for the purpose of performing the “10 per cent test” for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

TAS 41 Agriculture

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in TAS 41 with those in TFRS 13 Fair Value Measurement. The amendments provide the flexibility to use either, as appropriate, in line with TFRS 13.

Amendments are effective on 1 January 2021

Amendments that have become effective and have been adopted for annual periods beginning on or after 1 January 2021:

1. Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9 Financial Instruments, TAS 39 Financial Instruments: Recognition and Measurement, TFRS 7 Financial Instruments: Disclosures, TFRS 4 Insurance Contracts and TFRS 16 Leases

NOTE 3 - BUSINESS COMBINATIONS

None.

NOTE 4 - DISCLOSURE OF INTERESTS IN OTHER ENTITIES

None.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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NOTE 5 - SEGMENT REPORTING

The summary financial information of the Group in accordance with the reportable segments for the year ended 31 December 2021 and 2020, is as follows:

31 December 2021

	Copper	Enamelled Copper Wire	CTC Wire	Spools	Machinery	Other	Total	Consolidation and Elimination Adjustments	01.01.2021 31.12.2021
Revenue	15.532.931.228	1.000.986.137	202.050.327	13.534.188	27.056.872	62.869.516	16.839.428.268	(2.976.024.146)	13.863.404.122
Cost of Sales	(14.820.174.763)	(943.798.482)	(185.061.749)	(8.352.401)	(13.242.991)	(45.973.278)	(16.016.603.664)	3.032.241.236	(12.984.362.428)
Gross Profit	712.756.465	57.187.655	16.988.578	5.181.787	13.813.881	16.896.238	822.824.604	56.217.090	879.041.694

31 December 2020

	Copper	Enamelled Copper Wire	CTC Wire	Spools	Machinery	Other	Total	Consolidation and Elimination Adjustments	01.01.2020 31.12.2020
Revenue	7.509.921.744	490.907.778	82.637.574	6.744.578	9.726.515	39.294.520	8.139.232.709	(1.396.445.196)	6.742.787.513
Cost of Sales	(7.096.657.026)	(459.265.353)	(74.467.032)	(5.180.411)	(6.243.673)	(21.227.641)	(7.663.041.136)	1.382.142.024	(6.280.899.112)
Gross Profit	413.264.718	31.642.425	8.170.542	1.564.167	3.482.842	18.066.879	476.191.573	(14.303.172)	461.888.401

NOTE 6 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the Group are as of the period ends are as follows:

Account Name	31 December 2021	31 December 2020
Cash in hand	30.650	26.277
Banks	356.846.351	194.955.586
-Demand Deposits	58.409.366	46.730.603
-Time Deposits	298.436.985	148.224.983
Other	1.210	1.022
Total	356.878.211	194.982.885

As of 31 December 2021, the Group has no blocked deposits.

As of 31 December 2021, interest income accrual on time deposits calculated using the annual effective interest method is amounting to TL 155.233 (31 December 2020: TL 131.741)

As of 31 December 2021 and 2020, cash and cash equivalents position presented in the consolidated statement of cash flows are as follows:

Account Name	31 December 2021	31 December 2020
Net Balance Sheet Position	356.878.211	194.982.885
Interest Income Accruals	(155.233)	(131.741)
Net Cash Flow Position, net	356.722.978	194.851.144

The maturity analysis of bank deposits is as follows:

Account Name	31 December 2021	31 December 2020
Demand Deposits	58.409.366	46.730.603
1-30 days	274.419.400	138.210.304
30-90 days	24.017.585	10.014.679
Total	356.846.351	194.955.586

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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Annual effective interest rates of time deposits denominated in foreign currencies are as follows:

Currency	31 December 2021		31 December 2020	
	TL Equivalent	Annual Effective Interest Rate (%)	TL Equivalent	Annual Effective Interest Rate (%)
TL	61.318.853	19,39%-31,26%	57.133.169	10,90%-18,75%
USD	114.356.520	0,05%-0,33%	75.261.794	0,01%-0,08%
EURO	122.095.336	0,01%-0,02%	14.117.595	0,01%-0,02%
GBP	666.276	0,01%-0,02%	1.712.425	0,01%-0,02%
Total	298.436.985		148.224.983	

NOTE 7 - FINANCIAL INVESTMENTS

As of 31 December 2021 and 2020, the functional breakdown of financial investments is as follows:

I) Short Term Financial Investments

None.

II) Long Term Financial Investments

The Group's financial investments consist of investments classified as financial assets measured at fair value through profit or loss. The Group classifies its investments in equity securities as financial assets measured at fair value through profit or loss. As of 31 December 2021 and 2020, long term financial investments are as follows:

	Effective Ownership Interest held by Sarkuysan	1 January 2021 31 December 2021	1 January 2020 31 December 2020
Effective Ownership Interest:			
<i>Unlisted Shares:</i>			
Kamaş Kuyumcukent Alış Veriş Merkezi (*)	< 1	531	531
Kiaş Kuyumcukent İşletme A.Ş.	< 1	9.824	9.824
Kocaeli Savunma Sanayi ve Ticaret A.Ş.	> 1	471.674	423.590
<i>Listed Shares:</i>			
Kuşçukent Kuyumculuk Gayrimenkul Yatırım Ort.	< 1	681.347	323.781
		1.163.376	757.726

(*) Since the fair values of Kamaş Kuyumcukent Shopping Center cannot be measured reliably, they are included in the accompanying consolidated financial statements carried at cost in accordance with the prior reporting period.

The movement of long term equity equity securities is as follows:

	1 January 2021 31 December 2021	1 January 2020 31 December 2020
Long-Term Securities:		
Beginning of the Period – 1 January	757.726	536.765
Changes in fair value, net	405.650	220.961
Disposals (-)	-	-
End of the Period – 31 December	1.163.376	757.726

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in ("TL") unless otherwise indicated.)

NOTE 8 - FINANCIAL LIABILITIES

As of 31 December 2021 and 2020, current financial liabilities are as follows:

Account Name	31 December 2021	31 December 2020
Bank Borrowings	1.080.117.534	623.996.518
Short-Term Portion of Long Term Bank Borrowings	461.392.730	303.670.123
Finance Lease Payables	10.240.657	6.903.094
Other	401.487.418	124.750.055
Lease Liabilities	353.921	394.160
Total	1.953.592.260	1.059.713.950

Bank loans are reflected and carried in accompanying consolidated financial statements at their amortized cost.

As of 31 December 2021 and 2020, non-current financial liabilities are as follows:

Account Name	31 December 2021	31 December 2020
Bank Borrowings	750.339.623	398.365.618
Finance Lease Payables	11.741.450	11.358.653
Lease Liabilities	657.795	1.495.518
Total	762.738.868	411.219.789

a) Redemption schedule of bank loans is as follows:

Loans:	31 December 2021	31 December 2020
0-3 months	456.515.455	154.262.983
4-12 months	1.084.994.809	773.403.658
13-36 months	742.219.318	393.713.463
37-60 months	8.120.305	4.652.155
TOTAL	2.291.849.887	1.326.032.259

Finance Lease Payables:	31 December 2021	31 December 2020
0-3 months	1.500.076	1.460.746
4-12 months	8.740.581	5.442.348
13-36 months	11.395.986	11.358.653
37-60 months	345.464	-
TOTAL	21.982.107	18.261.747

31 December 2021

Loans

Type	Original Currency Amount	TL Equivalent	Annual Effective Interest Rate (%)
TL Loans	-	404.355.156	9,30-14%
USD Loans	4.614.802	61.510.696	2-5,21%
EURO Loans	30.056.256	453.449.717	1,75-3%
GBP Loans	8.950.000	160.801.965	1,40%
Total Loans (Short Term)		1.080.117.534	

Type	Original Currency Amount	TL Equivalent	Annual Effective Interest Rate (%)
TL Loans	-	108.128.857	26,00%
USD Loans	14.350.958	191.283.919	2-5,21%
EURO Loans	10.736.606	161.979.954	3,35-3,41%
Total Loans (Short-Term Portion of Long Term Bank Borrowings)		461.392.730	

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in ("TL") unless otherwise indicated.)

Type	Original Currency Amount	TL Equivalent	Annual Effective Interest Rate (%)
TL Loans	-	158.272.218	15,75-26%
USD Loans	7.035.309	93.773.634	2-5,21%
EURO Loans	33.028.679	498.293.771	2,35-3,70%
Total Loans (Long Term)		750.339.623	

Finance Lease Payables31 December 2021

	Original Currency Amount	TL Equivalent
Finance Lease Payables USD (1-12 months)	768.299	10.240.657
Finance Lease Payables USD (1-5 months)	880.895	11.741.450
Total		21.982.107

31 December 2020Loans

Type	Original Currency Amount	TL Equivalent	Annual Effective Interest Rate (%)
TL Loans	-	238.422.917	6,90%-10%
USD Loans	14.738.280	108.186.344	2%-3,66%
EURO Loans	26.940.453	242.676.908	0,95%-2,45%
GBP Loans	3.490.653	34.710.349	1,40%
Total Loans (Short Term)		623.996.518	

Type	Original Currency Amount	TL Equivalent	Annual Effective Interest Rate (%)
TL Loans	-	95.645.276	9,30-12,40%
USD Loans	2.759.602	20.256.861	5,21-5,94%
EURO Loans	15.920.754	143.412.562	1,68-3,94%
GBP Loans	4.460.611	44.355.424	1,40
Total Loans (Short-Term Portion of Long Term Bank Borrowings)		303.670.123	

Type	Original Currency Amount	TL Equivalent	Etkin Faiz Oranı(%)
TL Loans	-	124.800.346	9,30-12,40%
USD Loans	17.983.553	132.008.276	5,21-5,94%
EURO Loans	15.714.761	141.556.996	1,68-3,94%
Total Loans (Long Term)		398.365.618	

Finance Lease Payables

	Original Currency Amount	Annual Effective Interest Rate (%)
31.12.2020		
Finance Lease Payables USD (1-12 months)	940.411	6.903.094
Finance Lease Payables USD (1-5 months)	1.547.395	11.358.653
Total		18.261.747

NOTE 9 - OTHER FINANCIAL LIABILITIES

None.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in ("TL") unless otherwise indicated.)

NOTE 10 - TRADE RECEIVABLES AND PAYABLES

As of 31 December 2021 and 2020, short term trade receivables are as follows:

Account Name	31.12.2021	31.12.2020
Trade Receivables from Third Parties	2.690.826.172	1.266.625.959
-Customers	2.586.528.697	1.246.727.183
-Notes Receivables	111.262.263	22.765.915
-Rediscount on Notes Receivables	(6.964.788)	(2.867.139)
-Doubtful Trade Receivables	122.945.144	89.109.949
-Provisions for Doubtful Trade Receivables (-)	(122.945.144)	(89.109.949)
Trade Receivables from Related Parties	7.045.913	2.997.739
- Related Parties	7.045.913	2.997.739
Total	2.697.872.085	1.269.623.698

The average turnover period for trade receivables is 39 days (31 December 2020: 45 days). Receivables from both domestic and foreign sales is guaranteed by Exim Bank.

In addition, letters of guarantee, guarantee notes and mortgages are available for domestic receivables and details are given in **Note 22**. Explanations on the level of risks in trade receivables are given in **Note 38**.

The Group has been allocated provision for doubtful trade receivables in the accompanying consolidated financial statements that there is no possibility of collection foreseen. In addition, TFRS 9 provides a provision for trade receivables that do not include a significant financing component. As of 31 December 2021, provision for doubtful trade receivables is amounting to TL **122.945.144** (**Note 31**) (31 December 2020: TL **89.109.949**).

Movements of provision for doubtful receivables is as follows:

Account Name	1 January 2021 31 December 2021	1 January 2020 31 December 2020
Beginning of the Period – 1 January	(89.109.949)	(72.124.871)
Provisions No Longer Required	1.120.428	5.989.640
TFRS 9 Adjustments (Note:2.06) (Prior Period)	(1.210.486)	7.986
Reversals	18.164.072	-
Currency Translation Differences (*)	(51.909.209)	(7.785.705)
Increases during the period	-	(15.196.999)
End of the period – 31 December	(122.945.144)	(89.109.949)

As of 31 December 2021, the Group has no long term trade receivables.

(*) Foreign exchange losses amounting to TL 51.909.209 arising from provision for doubtful trade receivables is offset with foreign exchange gains from doubtful trade receivables and therefore, has currency translation differences has no effect on profit for the period (31 December 2020: TL 7.785.705).

As of 31 December 2021 and 2020, short term trade payables are as follows:

Account Name	31 December 2021	31 December 2020
Trade Payables to Third Parties	1.133.817.712	514.177.263
-Suppliers	1.134.247.251	514.330.479
-Rediscount on Notes Payable	(429.539)	(153.216)
Trade Payables to Related Parties	-	-
- Related Parties	-	-
Total	1.133.817.712	514.177.263

As of 31 December 2021, the average turnover period for trade payables is 17 days (31 December 2020: 16 days).

As of 31 December 2021, the Group has no long term trade payables.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in ("TL") unless otherwise indicated.)

NOTE 11 - OTHER RECEIVABLES AND PAYABLES

As of 31 December 2021 and 2020, short term other receivables are as follows:

Account Name	31 December 2021	31 December 2020
Deposits and Guarantees Given	26.639.459	5.750.953
Receivables from Tax Office (*)	87.773.170	74.935.938
Due from Employees	1.047.687	448.826
Other	1.462.528	670.354
Total	116.922.844	81.806.071

(*) Includes VAT refunds from tax office. The Company has been applied for tax refunds amounting to TL **7.186.478** for offsetting or paid in cash and the VAT refund is in progress during the period.

As of 31 December 2021 and 2020, long term other receivables are as follows:

Account Name	31 December 2021	31 December 2020
Deposits and Guarantees Given	690.775	181.561
Total	690.775	181.561

As of 31 December 2021 and 2020, short term other payables are as follows:

Account Name	31 December 2021	31 December 2020
Other Payables to Third Parties	19.446.169	30.568.077
Other	17.686.536	7.895.211
Deposits and Guarantees Received	36.267	24.993
Taxes Payables	1.598.249	22.529.582
Other Liabilities	125.117	118.291
Total	19.446.169	30.568.077

As of 31 December 2021, the Group has no long term other payables.

NOTE 12 - EMPLOYEE BENEFITS

As of 31 December 2021 and 2020, employee benefits are as follows:

Account Name	31 December 2021	31 December 2020
Due to Employees	1.053.133	706.957
Taxes Payables	15.873.730	9.561.861
SSI Premium Payables	3.477.561	3.071.871
Total	20.404.424	13.340.689

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in ("TL") unless otherwise indicated.)

NOTE 13 - INVENTORIES

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

Account Name	31 December 2021	31 December 2020
Raw Materials and Supplies	376.379.232	260.126.425
Semi-Finished Goods	538.953.479	249.765.513
Finished Goods	740.696.946	335.034.141
Merchandise	6.781.070	9.877.879
Other Inventories	18.959.953	14.148.382
Total	1.681.770.680	868.952.340

The raw materials acquired by the Group consist of assets which are used in operating cycle of production and sold afterwards. The insurance coverage on inventories is disclosed in the Note: 22. There are no inventories which are pledged as collateral. As of 31 December 2021 and 2020, the Group has no financial expenses over inventory costs.

A significant portion of the Group's inventories are copper and other inventories with metal content and prices are formed in international markets such as the London Metal Exchange (LME). The Group Management has made an assessment based on the sales prices of the inventories at the London Metal Exchange (LME) and concluded that there is no provision for impairment of inventories incurred during the period.

NOTE 14 - DERIVATIVE INSTRUMENTS

As of 31 December 2021 and 2020, derivative instruments are as follows:

31 December 2021

As of 31 December 2021, the Group has forward foreign exchange purchase and sales contracts with a purchase feature of USD 2.488.470 against sales of GBP 1.800.000 and forward foreign exchange purchase and sale contracts with a purchase feature of USD 949.300 against a sales of EUR 800.000. The Group has assets arising from derivative instruments amounting to TL 1.410.345 arising from these contracts.

In addition, the Group has USD 10.297.821, EURO 8.942.134 purchase and USD 10.464.465, EURO 9.076.702 and GBP 948.638 sales commitments from hedge transactions carried out to provide protection against sales and purchase price movements on a one-to-one order basis. The Group has assets arising from derivative instruments amounting to TL 4.251.400 arising from these contracts. As of the balance sheet date, the Group has a net asset amounting to TL 5.661.745 due to the actual deliveries based on the delivery commitments.

31 December 2020

As of 31 December 2020, the Group has forward foreign exchange purchase and sales contracts with a purchase feature of USD 2.977.160 against sales of GBP 2.200.000 and forward foreign exchange purchase and sale contracts with a purchase feature of USD 6.029.615 against a sales of EUR 5.100.000. The Group has liabilities arising from derivative instruments amounting to TL 1.640.437 arising from these contracts.

In addition, the Group has USD 10.398.170, EURO 10.302.831, GBP 1.022.919 purchase and USD 11.499.785, EURO 11.238.076 and GBP 948.638 sales commitments from hedge transactions carried out to provide protection against sales and purchase price movements on a one-to-one order basis. The Group has assets arising from derivative instruments amounting to TL 15.772.362 arising from these contracts. As of the balance sheet date, the Group has a net asset amounting to TL 14.131.925 due to the actual deliveries based on the delivery commitments.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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The functional breakdown of assets and liabilities arising from derivative instruments is as follows:

	31 December 2021		31 December 2020	
	Varlık	Yükümlülük	Varlık	Yükümlülük
Forward Contracts	1.410.345	-	-	(1.640.437)
Commodity Swaps as Hedge Instruments	4.251.400	-	15.772.362	-
Total	5.661.745	-	15.772.362	(1.640.437)

NOTE 15 - CONSTRUCTION CONTRACTS

None.

NOTE 16 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

As of 31 December 2021 and 2020, investments accounted for using the equity method of the associate are as follows:

31 December 2021

Associate	Effective Ownership Interest held by Sarkuysan	Provision for Impairment	31 December 2021 Net Position in Statement of Financial Position
Demisaş	44,44	-	68.393.675
Total		-	68.393.675

31 December 2020

Associate	Effective Ownership Interest held by Sarkuysan	Provision for Impairment	31 December 2021 Net Position in Statement of Financial Position
Demisaş	44,44	-	58.557.552
Total		-	58.557.552

The movement of changes in fair value of investments accounted for using the equity method is as follows:

	1 January 2021 31 December 2021	1 January 2020 31 December 2020
Beginning of the period – 1 January	58.557.552	51.568.805
Share from profit for the period	10.404.825	6.988.747
Dividends paid	-	-
Capital increases (+)	-	-
Share from other comprehensive income	(568.702)	-
End of the period – 31 December	68.393.675	58.557.552

The summary financial information regarding investments accounted for using the equity method are as follows:

	31 December 2021	31 December 2020
Total Assets	575.963.743	378.760.737
Total Liabilities and Equity	190.627.707	141.357.125
Net Sales	680.882.749	387.583.617

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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NOTE 17 - INVESTMENT PROPERTIES

Group classified the assets which are held for rent income or capital appreciation or both, instead of being used in production of goods or rendering of services or administrative purposes or sold in the ordinary course of business, as investment properties.

The Group measures the investment properties at fair value in the consolidated financial statements. The Group has no capitalized borrowing costs allocated to investment properties in scope of TAS 23.

Investment properties is presented at their fair values in the accompanying consolidated financial statements as of 31 December 2021 and 2020 are as follows:

31 December 2021

Investment Properties:	1 January 2021 - Opening Balance	Changes in Fair Value	Transfers (P&PE)	Additions	Disposals (-)	31 December - 2021 Closing Balance
Land:	16.873.000	13.627.000	-	-	-	30.500.000
Land	16.873.000	13.627.000	-	-	-	30.500.000
Buildings:	88.200.000	35.385.000	-	-	-	123.585.000
Gebze Warehouse	18.565.000	8.755.000	-	-	-	27.320.000
Gebze Building and Ware-house	30.620.000	14.480.000	-	-	-	45.100.000
Kuyumcukent Workshop and Store	3.315.000	3.295.000	-	-	-	6.610.000
Pendik Facilities	32.640.000	6.275.000	-	-	-	38.915.000
Perpa Head Office	3.060.000	2.580.000	-	-	-	5.640.000
TOTAL	105.073.000	49.012.000	-	-	-	154.085.000

31 December 2020

Investment Properties:	1 January 2020 - Opening Balance	Changes in Fair Value	Transferler (MDV)	Additions	Disposals (-)	31 December - 2020 Closing Balance
Land:	15.155.000	1.718.000	-	-	-	16.873.000
Land	15.155.000	1.718.000	-	-	-	16.873.000
Buildings:	82.710.000	5.490.000	-	-	-	88.200.000
Gebze Warehouse	17.310.000	1.255.000	-	-	-	18.565.000
Gebze Building and Ware-house	28.585.000	2.035.000	-	-	-	30.620.000
Kuyumcukent Workshop and Store	2.410.000	905.000	-	-	-	3.315.000
Pendik Facilities	31.635.000	1.005.000	-	-	-	32.640.000
Perpa Head Office	2.770.000	290.000	-	-	-	3.060.000
TOTAL	97.865.000	7.208.000	-	-	-	105.073.000

As of 31 December 2021, the Group has been reflected the fair values of its land and buildings in the accompanying consolidated financial statements which are presented under investments properties in accordance with the appraisal reports prepared by TSKB Gayrimenkul Değerleme A.Ş. on March 2022.

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(Amounts are expressed in ("TL") unless otherwise indicated.)

As of 31 December 2021 and 2020, the functional breakdown of investment properties is as follows:

31 December 2021

Province	District	Town/Neighborhood	Deed of Real Estate (m2)	Date of Acquisition
Kocaeli (a)	Gebze	İstasyon	8.198	30.06.2000
Kocaeli (a)	Gebze	İstasyon	15.001	30.09.1991
İstanbul (b)	Pendik	Ortamahalle	5.833	10.06.1990
Kocaeli (c)	Darica	Darica 2	4.248	06.08.2004
Kocaeli (c)	Darica	Darica 2	1.515	31.08.2009
Kocaeli (d)	Dilovası	Tepecik Mahallesi	7.135	28.07.1998
Kocaeli (d)	Dilovası	Tepecik Mahallesi	14.707	28.07.1998
Kocaeli (e)	Gebze	Duraklı Köyü	23.901	09.07.1997
Kocaeli (e)	Gebze	Duraklı Köyü	7.348	09.07.1997
Kocaeli (e)	Gebze	Duraklı Köyü	8.510	09.07.1997
İstanbul (f)	Şişli	Kaptanpaşa	493	26.11.1997 and 25.08.2000
İstanbul (g)	Bahçelievler	Yenibosna	179	24.06.2009
Sakarya (h)	Erenler	Ekinli Mahallesi	5.600	15.05.2000

31 December 2020

Province	District	Town/Neighborhood	Deed of Real Estate (m2)	Date of Acquisition
Kocaeli (a)	Gebze	İstasyon	8.198	30.06.2000
Kocaeli (a)	Gebze	İstasyon	15.001	30.09.1991
İstanbul (b)	Pendik	Ortamahalle	5.833	10.06.1990
Kocaeli (c)	Darica	Darica 2	4.248	06.08.2004
Kocaeli (c)	Darica	Darica 2	1.515	31.08.2009
Kocaeli (d)	Dilovası	Tepecik Mahallesi	7.135	28.07.1998
Kocaeli (d)	Dilovası	Tepecik Mahallesi	14.707	28.07.1998
Kocaeli (e)	Gebze	Duraklı Köyü	23.901	09.07.1997
Kocaeli (e)	Gebze	Duraklı Köyü	7.348	09.07.1997
Kocaeli (e)	Gebze	Duraklı Köyü	8.510	09.07.1997
İstanbul (f)	Şişli	Kaptanpaşa	493	26.11.1997 and 25.08.2000
İstanbul (g)	Bahçelievler	Yenibosna	179	24.06.2009
Sakarya (h)	Erenler	Ekinli Mahallesi	5.600	15.05.2000

Land:

a. The ownership right and zoning information for the Kocaeli Province, Gebze District İstasyon Neighborhood, 5739 block 14 parcel and 5741 block 16 parcels, classified under Investment Properties by the Group, are as follows

There is a right of easement in favor of TEDAŞ on block numbered 5739, parcel 14, on the 8.198.54 m2 factory building and its land, in its 1.980 square meter area. Investment property at block numbered 5741 and parcel 16 consists of 5,014 m2 of gross closed area on the land with a surface area of 15,001 m2 and there is easement right in favor of TEK in 726 m2 part. While the parcels in which the investment property is located are within the scope of the 1 / 1.000 scale "Gebze District Implementation Zoning Plan" with the approval date of 14.07.2015, they were canceled by the decision of the Kocaeli 2nd Administrative Court with the basis number 2016/1190 dated 01.12.2017. While the land remain in the "Trade and Road Area" within the scope of the 1 / 5.000 scaled "E-5 2. Region Master Zoning Plan" dated 12.10.2017, the 1 / 1.000 scale "E-5 2. Zone Implementation Plan Partly in the "Road Area" and partly in the "Trade Area". The valuation was made in accordance with the report of TSKB Gayrimenkul Değerleme A.Ş., dated March 9, 2022 and numbered 2021REV746, and the fair value of the land is amounting to TL 72.420.000 according to the market comparison approach.

b. As of the reporting date, there has been no mortgage or pledge on the facilities placed in Ortamahalle District, Kavsak Street, No:8, Pendik - İstanbul. (10282 block, 3 parcels). The area of the Facilities is 5.833,04 m² and the 811,50 m² of the facilities is owned by Pendik Municipality. During the investigation of the Pendik directorate of land registry information, there is not any

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

(Amounts are expressed in ("TL") unless otherwise indicated.)

- change in property right for parcel of land at least 3 years. The appraisal report numbered 2021REV745 and dated on March 9, 2022 has been prepared by TSKB Gayrimenkul Değerleme A.Ş. in accordance with market comparison approach and the value of the land is amounting to TL 38.915.000.
- c. The Group classified under Investment Properties, Kocaeli province, Darıca district, Darıca Ş. block numbered 1333 parcel numbered 2 with a surface area of 1.515 m² in the quarter and parcel numbered 3 with block numbered 1333 with a surface area of 4.248 m² were transformed into parcel no 1333 with the decision of the Council of Darıca dated 10 July 2012 and numbered 759. There has been no mortgage or pledge on the aforementioned parcel as of the report date. As a result of the investigations carried out in the Darıca Municipality Zoning Directorate on 11.02.2019, it was determined that the parcel subject to the report remained within the 1/1000 scale "D-100 edge areas to be renewed implementation Zoning Plan" dated 13.09.2018 and its location is correct. The investment property subject to valuation are empty as of the report date. The valuation was made in accordance with the report of TSKB Gayrimenkul Değerleme A.Ş., dated March 9, 2022 and numbered 2021REV747, and the value of the investment property is amounting TL 23.050.000 according to the market comparison approach.
- d. Group classified under Investment Properties, parcel numbered 17 and 18 in Kocaeli province, Dilovası district, Tepecik Village, parcel numbered 11 and parcel 12. While parcel no 17 was 7.050 m² before the study, it became 7.135 m² after parcel no 108 became real estate, while parcel no 18 was 14.800 m² before the study, and it became 14.707 m² after it became unmovable on block numbered 108. On block numbered 108, parcel 11, parcel 108, parcel 108, 533,211 m² and 117.61 m², respectively, are located within the boundaries of the forest throne (containment) as of the report date. Apart from this, the property has no mortgage or pledge. The investment property subject to valuation are empty as of the report date. In the researches carried out in the Dilovası Municipality Zoning Directorate, it was stated that the aforementioned investment property remained in "Other Agricultural Areas" in the 1 / 25.000 scale revision master development plan, which was approved by the Assembly Decision dated 16 December 2008 and numbered 669, and the location was correct. The valuation was made in accordance with the report of TSKB Gayrimenkul Değerleme A.Ş., dated March 9, 2022 and numbered 2021REV749, and the value of the investment property is amounting to TL 4.000.000 according to the market comparison approach.
- e. The Group classified under Investment Properties, in Kocaeli province, Gebze district, Duraklı Village Domdömpınarı area, on a land of 23.888 m² 7 plots - parcel no 1128, 7 plots with a surface area of 7.360 m² - parcel no 1135 and 8.620 m² 8 plots with a surface area of parcel no -1155, while parcel numbers 1135, 1155 and 1128 are parcels with block numbered 189, parcel no. 198, parcel no. 198, parcel no. 199, parcel no. Before parcel no. 1135 was 7.360 m², before parcel no. 189, parcel no. 34, 7.348 m², after parcel no. After it became a real estate, it became 23,901 m². As of the report date of the parcel no.46, 3.585 m² part belongs to Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş. Apart from this, the property has no mortgage or pledge. The investment property subject to valuation are empty as of the report date. In the researches carried out in Gebze Municipality Zoning Directorate, it was determined that the aforementioned investment property remained within "Other Agricultural Areas" in the master development plan with a scale of 1 / 25.000 dated December 16, 2008 and the location was correct. The valuation was made in accordance with the report of TSKB Gayrimenkul Değerleme A.Ş., dated March 9, 2022 and numbered 2021REV750, and the value of the investment property is amounting to TL 3.110.000 according to the sales comparison approach.
- f. The Group consists of independent sections A Block 111 and B Block 978 and 980 in Perpa Trade Center in Istanbul province, Şişli district, Kaptanpaşa neighborhood, classified under Investment Properties. In the title deed registration examination, the first degree of TL 10.000 mortgage in favor of Istanbul Metropolitan Municipality (dated 03.12.1986 and journal number 392) and lease annotation in favor of TEK (dated 25.09.1987 and journal no 3035) on sections B Block 978 and 980). In the investigation of the zoning status, it was determined that the parcel in which the investment property is located in the "Central Business Areas" in the 1/1000 scale of Dolapdere - Piyalepaşa Boulevard and its Vicinity Implementation Zoning Plan was approved on 08.02.2007 and in the investigations carried out in Şişli Municipality Zoning Directorate. In the researches, it has been determined that there has been no change in the ownership status of the investment property in the last 3 years. The valuation was made in accordance with the report of TSKB Gayrimenkul Değerleme A.Ş., dated March 9, 2022 and numbered 2021REV751, and the value of the investment property is amounting to TL 5.640.000 according to the market comparison approach.
- g. The Group has investment property consists of independent sections no. 1412 and M Block 209 in Kuyumcukent Business Center in Istanbul province, Bahçelievler district, yenibosna district, classified under Investment Properties. There is a lease annotation in favor of TEDAŞ on the investment property subject to the appraisal in the title deed registration examination, and this annotation is the routine practice of the relevant institution and does not affect the legal status of the investment property. As a result of the investigations carried out in the Bahçelievler Zoning Directorate on 12.02.2019, it was understood that the parcel no.1542, where the investment property subject to appraisal are located, remained within the 1 / 1.000 scale "Bahçelievler Revision Implementation Zoning Plan". The appraisal has been made based on the report of TSKB Gayrimenkul Değerleme A.Ş., dated March 9, 2022 and numbered 2021REV754, and the value of the investment property is amounting to TL 6.610.000 according to the market comparison approach.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in ("TL") unless otherwise indicated.)

h. It is an agricultural land of 5.600 m2 located in Sakarya province, Erenler district, Ekinli District, classified under Investment Properties by the Group. In the title deed registry examination, there is the statement that the land subject to appraisal is in the great plain protection area declared by the Council of Ministers Decree in accordance with the 14th article of the law numbered 5403. In the investigation of the zoning status, it was understood that the real estate subject to appraisal was within the "Central Planning Sub-Zone Zoning Plan" with a scale of 1 / 25.000, as a result of the examinations made on 05.02.2019 in the Zoning Directorate of Erenler Municipality. The investment property subject to appraisal does not have a construction condition. The valuation was made in accordance with the report of TKSB Gayrimenkul Değerleme A.Ş., dated March 9, 2022 and numbered 2021REV756, and the value of the investment property is amounting to TL 340.000 according to the market comparison approach.

The mortgages, pledges and restrictions on investment properties are disclosed in **Note: 22**.

Total insurance coverage on investment properties are disclosed in **Note. 22**

NOTE 18 - PROPERTY, PLANT AND EQUIPMENT

As of 31 December 2021 and 2020, the movements for property, plant and equipment, and related depreciation are as follows:

31 December 2021

Cost	1 January 2021 - Opening Balance	Currency Translation Differences	Transfers	Additions	Disposals	31 December 2021 - Closing Balance
Land	54.782.185	8.598.064	-	16.905.429	-	80.285.678
Land Improvements	3.111.449	-	-	-	-	3.111.449
Buildings	142.041.224	52.164.783	100.720	135.823	-	194.442.550
Machinery, Plant and Equipment	554.231.732	172.268.655	-	17.634.845	(5.239.292)	738.895.940
Motor Vehicles	11.076.308	1.406.201	-	3.111.881	(100.044)	15.494.346
Furniture and Fixtures	10.328.024	2.120.058	32.761	993.646	(861.035)	12.613.454
Other Property, Plant and Equipment	8.403.722	-	-	155.325	(377.455)	8.181.592
Constructions in Progress	5.528.098	3.022.029	(154.481)	4.301.230	-	12.696.876
Leasehold Improvements	4.824.412	3.012.553	-	439.093	(132.863)	8.143.195
Assets Acquired Through Finance Leases	23.958.307	-	-	-	-	23.958.307
Provisions for Impairment on Land (-)	(550.536)	-	-	-	-	(550.536)
Provisions for Impairment on Buildings (-)	(432.564)	-	-	-	-	(432.564)
Total	817.302.361	242.592.343	(21.000)	43.677.272	(6.710.689)	1.096.840.287

Accumulated Depreciation	1 January 2021 - Opening Balance	Currency Translation Differences	Transfers	Current Period Depreciation	Disposals	31 December 2021 - Closing Balance
Land Improvements	(1.756.113)	-	-	(91.737)	-	(1.847.850)
Buildings	(31.489.187)	(6.566.869)	-	(3.376.781)	-	(41.432.837)
Machinery, Plant and Equipment	(392.930.309)	(79.223.756)	-	(22.809.824)	4.654.793	(490.309.096)
Motor Vehicles	(6.579.290)	(687.331)	-	(1.864.806)	80.638	(9.050.789)
Furniture and Fixtures	(6.785.028)	(792.955)	-	(761.991)	798.996	(7.540.978)
Other Property, Plant and Equipment	(8.268.192)	-	-	(77.524)	377.455	(7.968.261)
Leasehold Improvements	(2.781.353)	(1.323.531)	-	(82.438)	128.631	(4.058.691)
Assets Acquired Through Finance Leases	(11.416.103)	-	-	(497.358)	-	(11.913.461)
Total	(462.005.575)	(88.594.442)	-	(29.562.459)	6.040.513	(574.121.963)

Net Book Value	355.296.786	522.718.324
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SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in ("TL") unless otherwise indicated.)

31 December 2020

Cost	1 January 2020 - Opening Balance	Currency Translation Differences	Transfers	Additions	Disposals	31 December 2020 - Closing Balance
Land	52.001.792	2.780.393	-	-	-	54.782.185
Land Improvements	3.111.449	-	-	-	-	3.111.449
Buildings	120.467.181	16.015.883	4.478.221	1.206.678	(126.739)	142.041.224
Machinery, Plant and Equipment	501.708.926	40.433.859	77.015	13.756.466	(1.744.534)	554.231.732
Motor Vehicles	10.193.338	332.809	-	726.085	(175.924)	11.076.308
Furniture and Fixtures	10.169.337	530.354	60.705	795.863	(1.228.235)	10.328.024
Other Property, Plant and Equipment	8.427.914	-	-	155.325	(377.455)	8.181.592
Constructions in Progress	11.182.048	1.171.909	(154.481)	4.301.230	-	12.696.876
Leasehold Improvements	4.143.494	680.918	-	439.093	(132.863)	8.143.195
Assets Acquired Through Finance Leases	23.958.307	-	-	-	-	23.958.307
Provisions for Impairment on Land (-)	(550.536)	-	-	-	-	(550.536)
Provisions for Impairment on Buildings (-)	(432.564)	-	-	-	-	(432.564)
Total	744.380.686	61.946.125	-	16.748.815	(5.773.265)	817.302.361

Accumulated Depreciation	1 January 2020 - Opening Balance	Currency Translation Differences	Transfers	Current Period Depreciation	Disposals	31 December 2020 - Closing Balance
Land Improvements	(1.663.613)	-	-	(92.500)	-	(1.756.113)
Buildings	(27.224.625)	(1.229.556)	-	(3.055.654)	20.648	(31.489.187)
Machinery, Plant and Equipment	(358.860.373)	(16.652.760)	-	(18.697.169)	1.279.993	(392.930.309)
Motor Vehicles	(5.178.712)	(142.684)	-	(1.433.818)	175.924	(6.579.290)
Furniture and Fixtures	(6.965.808)	(161.136)	-	(783.508)	1.125.424	(6.785.028)
Other Property, Plant and Equipment	(8.248.694)	-	-	(92.279)	72.781	(8.268.192)
Leasehold Improvements	(2.426.879)	(291.585)	-	(62.889)	-	(2.781.353)
Assets Acquired Through Finance Leases	(10.912.663)	-	-	(503.440)	-	(11.416.103)
Total	(421.481.367)	(18.477.721)	-	(24.721.257)	2.674.770	(462.005.575)

Net Book Value **322.899.319** **355.296.786**

All of the assets acquired through finance leases consist of plant, machinery and equipment.

The mortgages, pledges and restrictions on property, plant and equipment are disclosed in **Note: 22**.

Total insurance coverage on property, plant and equipment are disclosed in **Note: 22**.

Since property, plant and equipment are not included in the scope of qualifying assets defined in TAS 23 "Borrowing Costs", financial expenses related to tangible assets are associated with the consolidated statement of profit or loss and are not capitalized. The Group has no Property, Plant and Equipment that are temporarily idle.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in ("TL") unless otherwise indicated.)

Right of Use Assets31 December 2021

Account Name	1 January 2021 - Opening Balance	Additions	Disposals (-)	TFRS 16 Initial Recognition	31 December 2021 - Closing Balance
Buildings and Land and Land Improvements	652.630	-	(523.276)	-	129.354
Machinery, Plant and Equipment	1.427.944	-	-	-	1.427.944
Motor Vehicles	156.204	-	(156.204)	-	-
Total	2.236.778	-	(679.480)	-	1.557.298

Accumulated Depreciation

Account Name	1 January 2021 - Opening Balance	Current Period Depreciation	Disposals (-)	TFRS 16 Initial Recognition	31 December 2021 - Closing Balance
Buildings and Land and Land Improvements	(79.035)	(41.953)	47.571	-	(73.417)
Machinery, Plant and Equipment	(305.988)	(305.988)	-	-	(611.976)
Motor Vehicles	(88.741)	-	88.741	-	-
Total	(473.764)	(347.941)	136.312	-	(685.393)
Net Book Value	1.763.014				871.905

31 December 2020

Account Name	1 January 2020 - Opening Balance	Additions	Disposals (-)	TFRS 16 Initial Recognition	31 December 2020 - Closing Balance
Buildings and Land and Land Improvements	126.132	526.498	-	-	652.630
Machinery, Plant and Equipment	633.034	794.910	-	-	1.427.944
Motor Vehicles	182.708	-	(26.504)	-	156.204
Total	941.874	1.321.408	(26.504)	-	2.236.778

Birikmiş Amortisman

Account Name	1 January 2020 - Opening Balance	Current Period Depreciation	Disposals (-)	TFRS 16 Initial Recognition	31 December 2020 - Closing Balance
Buildings and Land and Land Improvements	(59.074)	(19.961)	-	-	(79.035)
Machinery, Plant and Equipment	(52.755)	(253.235)	-	-	(305.988)
Motor Vehicles	(10.300)	(78.439)	-	-	(88.741)
Total	(122.129)	(351.635)	-	-	(473.764)
Net Book Value	819.745				1.763.014

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in ("TL") unless otherwise indicated.)

NOTE 19 - INTANGIBLE ASSETS

As of 31 December 2021 and 2020, the movements for intangible assets, and related depreciation are as follows:

31 December 2021

Cost	1 January 2021 - Currency Translation		Transfers	Additions	Disposals (-)	31 December 2021 - Closing Balance
	Opening Balance	Differences				
Rights	27.827.377	445.000	21.000	203.438	(140.024)	28.356.791
Development Costs	3.293.659	-	-	-	-	3.293.659
Other Intangible Assets	177.495	-	-	-	-	177.495
Total	31.298.531	445.000	21.000	203.438	(140.024)	31.827.945

Accumulated Depreciation	1 January 2021 - Currency Translation		Transfers	Current Period Depreciation	Disposals (-)	31 December 2021 - Closing Balance
	Opening Balance	Differences				
Rights	(20.709.827)	(441.411)	-	(1.861.942)	139.870	(22.873.310)
Development Costs	(3.167.661)	-	-	(125.996)	-	(3.293.657)
Other Intangible Assets	(177.493)	-	-	-	-	(177.493)
Total	(24.054.981)	(441.411)	-	(1.987.938)	139.870	(26.344.460)

Net Book Value	7.243.550	5.483.485
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31 December 2020

Cost	1 January 2020 - Currency Translation		Transfers	Additions	Disposals (-)	31 December 2020 - Closing Balance
	Opening Balance	Differences				
Rights	27.607.880	202.256	-	17.241	-	27.827.377
Development Costs	3.293.659	-	-	-	-	3.293.659
Other Intangible Assets	177.495	-	-	-	-	177.495
Total	31.079.034	202.256	-	17.241	-	31.298.531

Accumulated Depreciation	1 January 2020 - Currency Translation		Transfers	Current Period Depreciation	Disposals (-)	31 December 2020 - Closing Balance
	Opening Balance	Differences				
Rights	(18.368.792)	(150.207)	-	(2.190.828)	139.870	(20.709.827)
Development Costs	(2.867.769)	-	-	(299.892)	-	(3.167.661)
Other Intangible Assets	(177.493)	-	-	-	-	(177.493)
Total	(21.414.054)	(150.207)	-	(2.490.720)	139.870	(24.054.981)

Net Book Value	9.664.980	7.243.550
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NOTE 20 - GOODWILL

None.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

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NOTE 21 - GOVERNMENT GRANTS

The Group has been benefited from incentives in scope of Marketing Research and Development (100 % Corporate Tax Exemption) and incentive regime with the Decision on the State Investment Incentives numbered 2012/3305 concerning State Aids in Investments (the "New Decree") has been published in the Official Gazette on 19 June 2012.

NOTE 22 – PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

22.1 Provisions;

Account Name	31 December 2021	31 December 2020
Provisions for Employee Benefits	31.371.190	13.551.589
Provision for Premiums	24.758.065	8.551.509
Provision for Unused Vacation	6.613.125	5.000.080
Provision for Employment Termination Benefits	-	-
Other Short Term Provisions	5.924.555	10.692.834
Provision for Lawsuits	1.320.000	1.790.000
Other Provisions	4.604.555	8.902.834
Total	37.295.745	24.244.423

31 December 2021

	Provision for Lawsuits	Provision for Premiums	Provision for Unused Vacation	Provision for Employment Termination Benefits	Other	Total
Beginning of the period – 1 January	1.790.000	8.551.509	5.000.080	-	8.902.834	24.244.423
Additions	-	24.758.065	1.624.431	-	4.604.555	30.987.051
Payments during the period	(470.000)	(8.551.509)	(11.386)	-	(8.902.834)	(17.935.729)
End of the period – 31 December	1.320.000	24.758.065	6.613.125	-	4.604.555	37.295.745

31 Aralık 2020

	Provision for Lawsuits	Provision for Premiums	Provision for Unused Vacation	Provision for Employment Termination Benefits	Other	Total
Beginning of the period – 1 January	1.900.000	12.485.704	3.840.847	-	1.441.176	19.667.727
Additions	55.000	8.551.509	5.000.080	-	8.902.834	22.509.423
Payments during the period	(165.000)	(12.485.704)	(3.840.847)	-	(1.441.176)	(17.932.727)
End of the period – 31 December	1.790.000	8.551.509	5.000.080	-	8.902.834	24.244.423

The Group has provision for long-term payables include employment termination benefits and which are disclosed in **Note 24**.

22.2 Contingent Liabilities and Contingent Assets:

Contingent Liabilities Provisions:

31 December 2021

The Group has provision for doubtful receivables for its receivables that are overdue and / or that are transferred to the execution stage. As of 31 December 2021, the Group has provision for doubtful receivables amounting to TL 122.945.144. In addition, the Group has provision for lawsuits amounting to TL 1.320.000 in the accompanying consolidated financial statements for the lawsuits filed against the Group.

31 December 2020

The Group has provision for doubtful receivables for its receivables that are overdue and / or that are transferred to the execution stage. As of 31 December 2020, the Group has provision for doubtful receivables amounting to TL 89.109.949. In addition, the Group has provision for lawsuits amounting to TL 1.790.000 in the accompanying consolidated financial statements for the lawsuits filed against the Group.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in ("TL") unless otherwise indicated.)

22.3 Commitments not included in the liability;

Type	Currency	31 December 2021	31 December 2021	31 December 2020	31 December 2020
		Original Currency Amount	TL Equivalent	Original Currency Amount	TL Equivalent
Sarkuysan Letter of Guarantees Given	TL	-	32.641.016	-	82.323.746
Sarkuysan Letter of Guarantees Given	USD	3.611.212	48.133.844	4.905.400	36.008.089
Sarkuysan Letter of Guarantees Given	EURO	23.825.550	359.448.925	4.808.300	43.312.686
Sarkuysan Letter of Guarantees Given	TL	-	492.616	-	319.080
Sarkuysan Letter of Guarantees Given	USD	24.845	331.159	17.495	128.422
Sarkuysan Letter of Guarantees Given	EURO	150.600	2.272.057	100.000	900.790
Sarda Letters of Guarantees Given	TL	-	26.030.000	-	53.710.000
Ege Free Trade Zone Letters of Guarantees Given	TL	-	23.853	-	13.491
TOTAL LETTERS OF GUARANTEE GIVEN			469.373.470		216.716.304
Sarkuysan Bill of Guarantees Given	TL	-	18.587.342	-	18.587.342
Sarkuysan Bill of Guarantees Given	EURO	500.000	7.543.350	500.000	4.503.950
Sarkuysan Bill of Guarantees Given	USD	2.000.000	26.658.000	2.000.000	14.681.000
TOTAL BILL OF GUARANTEES GIVEN			52.788.692		37.772.292
Sarda Letter of Guarantees Received	TL	-	13.455.000	-	10.705.000
Sarda Letter of Guarantees Received	EURO	2.200.000	33.190.740	1.050.000	9.458.295
Sar Makine Letters of Guarantees Received	TL	-	723.997	-	-
Sar Makine Letters of Guarantees Received	EURO	-	-	-	-
Sarkuysan Letters of Guarantees Received	TL	-	9.960.000	-	10.061.000
Sarkuysan Letters of Guarantees Received	USD	6.178.250	82.349.894	5.093.852	37.391.418
Sarkuysan Letters of Guarantees Received	EURO	-	-	-	-
TOTAL LETTERS OF GUARANTEE RECEIVED			139.679.631		67.615.713
Sarkuysan Cheques of Guarantees Received	TL	-	67.700	-	67.700
Sarkuysan Cheques of Guarantees Received	USD	20.000	266.580	172.633	1.267.210
Sarkuysan Cheques of Guarantees Received	EURO	-	-	10.000	90.079
TOTAL CHEQUES OF GUARANTEE RECEIVED			334.280		1.424.989
Sarkuysan Notes of Guarantees Received	TL	-	23.659.386	-	29.059.386
Sarkuysan Notes of Guarantees Received	USD	19.150.000	255.250.350	19.150.000	140.570.575
Sarkuysan Notes of Guarantees Received	EURO	60.325	910.105	60.325	543.401
Sarda Notes of Guarantees Received	TL	-	150.000	-	150.000
TOTAL NOTES OF GUARANTEES RECEIVED			279.969.841		170.323.362
Sarkuysan Mortgages Received	TL	-	53.600.000	-	53.600.000
TOTAL MOTGAGES RECEIVED			53.600.000		53.600.000
Sarkuysan Notes of Guarantees and Bonds Given	USD	17.332.500	231.024.892	19.375.000	142.222.188
Sarkuysan Notes of Guarantees and Bonds Given	EURO	27.836.250	419.957.153	24.620.000	221.774.498
Sarkuysan Notes of Guarantees and Bonds Given	GBP	9.194.125	165.188.086	8.140.000	80.942.532
Sarkuysan Notes of Guarantees and Bonds Given	TL	-	116.593.750	-	2.900.000
TOTAL NOTES OF GUARANTEES AND BONDS GIVEN			932.763.881		447.839.218
Sarkuysan Guarantees of Factoring(Guarantees Rec.)	USD	289.967	3.864.976	269.699	1.979.724
Sarkuysan Guarantees of Factoring(Guarantees Rec.)	EURO	18.172.039	274.156.101	12.555.697	113.100.464
Sarkuysan Guarantees of Factoring(Guarantees Rec.)	GBP	7.093.216	127.441.686	5.184.487	51.553.498
Sarkuysan Direct Debiting System Guarantee (Guarantees Rec.)	USD	-	-	-	-
Sarkuysan Direct Debiting System Guarantee (Guarantees Rec.)	TL	-	144.078.000	-	42.133.000
Sarkuysan Exim Guarantee (Guarantees Rec.)	EUR	6.575.000	99.195.053	46.850.000	422.020.115
Sarkuysan Exim Guarantee (Guarantees Rec.)	GBP	-	-	7.275.000	72.341.145
Sarkuysan Exim Guarantee (Guarantees Rec.)	TL	-	-	-	-
Sarkuysan Exim Guarantee (Guarantees Rec.)	USD	132.280.000	1.763.160.120	152.605.000	1.120.197.003
Sarda Exim Guarantee (Guarantees Rec.)	TL	-	74.350.000	-	54.750.000
Sarda Exim Guarantee (Guarantees Rec.)	EUR	5.180.000	78.149.106	7.330.000	66.027.907
Sarda Exim Guarantee (Guarantees Rec.)	USD	6.700.000	89.3s04.300	2.132.000	15.649.946
Sarda Exim Guarantee (Guarantees Rec.)	GBP	-	-	250.000	2.485.950
Sarda Hermes Guarantee (Guarantees Rec.)	EUR	340.000	5.129.477	400.000	3.603.160
Sarda Hermes Guarantee (Guarantees Rec.)	USD	1.140.000	15.195.060	3.715.000	27.269.958
Sark Wire Atradius Guarantee (Guarantees Rec.)	USD	-	-	-	-
Sarkuysan Euler Hermes Guarantee (Guarantees Rec.)	USD	20.660.000	275.377.140	4.715.000	34.610.457
TOTAL OTHER GUARANTEES RECEIVED			2.949.401.019		2.027.722.327

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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31 December 2021

The amount of guarantee cheques received is amounting to TL 67.700 consist of suppliers for service procurements, while the remaining guarantee cheques consists of customers.

Letters of guarantees received include guarantes obtained from customers.

The amount of guarantee letters received is amounting to TL 275.471.877 consist of suppliers for service procurements, while the remaining guarantee letters received is amounting to TL 4.497.964 consists of customers.

Letters of guarantee given include amounting to TL 2.524.827 to Large Taxpayers Tax Office, TL 5.000.000 to Undersecreteriat of Customs, TL 25.930.000 to Vatan İhtisas Tax Office, TL 405.180.019 to Eximbank, TL 3.575.000 to Gazport A.Ş, TL 2.043.805 to Sakarya Elektrik Dağıtım A.Ş., TL 500.000,00 to the Energy Market Regulatory Board, TL 4.387.600 to Ministry of Customs and Trade, TL 2.869.400 to the Ministry of Trade, TL 415.200 to the Turkish State Railways, TL 10.141.000 to the Ministry of Treasury and Finance, TL 100.000 to Dilovası Customs Office, TL 225.000 to Birlik Organized Industrial Zone, TL 1.349.759 to Siemens Mobility Ulaşım and TL 5.131.860 to Other Public Institutions.

The total amount of security bonds and bills that were provided include guarantees given to Eximbank.

Bails and guarantees given by the Group include TL 6.342 was given to Bektaş, TL 7.543.350 (EUR 500.000) and TL 211.000 to Sarmakina, TL 18.370.000 to Sarda and TL 26.658.000 (USD 2.000.000) to Sark Wire Corp in accordance with the full consolidation method.

31 December 2020

The amount of guarantee checks received is amounting to TL 67.700 consist of suppliers for service procurements, while the rest consists of customers.

The amount of guarantee letters received is amounting to TL 271.215 consist of suppliers for service procurements, while the remaining guarantee letters received is amounting to TL 47.181.203 consists of customers.

The amount of guarantee notes received is amounting to TL 165.642.102 were purchased from customers and the amount of guarantee notes received from suppliers is amounting to TL 4.531.261.

Letters of guarantee given include amounting to TL 3.514.827 to Large Taxpayers Tax Office, TL 53.610.000 to Vatan İhtisas, TL 5.000.000 to the Undersecretariat of Customs, TL 74.011.727 to Eximbank, TL 3.575.000 to Gazport A.Ş, TL 2.043.805 to Sakarya Elektrik Dağıtım A.Ş., TL 1.131.620 to Izmir 1st Civil Court of First Instance, TL 4.387.600 to Customs Directorates, TL 500.000,00 to the Energy Market Regulatory Board, TL 4.233.713 to Burgan Leasing, TL 2.869.400 to the Ministry of Trade, TL 415.200 to the Turkish State Railways, TL 7.870.010 to the Ministry of Treasury and Finance, TL 20.000.000 to Ziraat Bank, TL 30.000.000 to OdeaBank, TL 192.000 to Istanbul 11th, 13th and 18th Enforcement Office, TL 225.000 to Birlik Organized Industrial Zone and TL 2.686.402 to Other Public Institutions.

The total amount of security bonds and bills that were provided include guarantees given to Eximbank.

Bails and guarantees given by the Group include TL 6.342 was given to Bektaş, TL 4.503.950 (EUR 500.000) and TL 211.000 to Sarmakina, TL 18.370.000 to Sarda and TL 14.681.000 (USD 2.000.000) to Sark Wire Corp in accordance with the full consolidation method.

22.4 Insurance Coverage of Assets:

31 December 2021

Assets Insured	Company Name	Insurance Company	Period of Effective Insurance	Currency	Insurance Coverage	
					TL Equivalent	Original Currency Amount
Fire - Earthquake	Group Companies	Ak Sigorta A.Ş.	31 December 2021 - 31 December 2022	USD		127.821.939
Motor Vehicles	Group Companies	Ak Sigorta A.Ş.	31 December 2021 - 31 December 2022	TL	20.737.409	
Machinery and Fixture	Group Companies	Ak Sigorta A.Ş.	31 December 2021 - 31 December 2022	USD		130.837.798
Theft	Group Companies	Ak Sigorta A.Ş.	31 December 2021 - 31 December 2022	USD		100.000
USD Total						258.759.737
TL Total						20.737.409

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in ("TL") unless otherwise indicated.)

31 December 2020	Assets Insured	Company Name	Insurance Company	Period of Effective Insurance	Currency	Insurance Coverage	
						TL Equivalent	Original Currency Amount
	Fire - Earthquake	Group Companies	Ak Sigorta A.Ş.	31 December 2020 - 31 December 2021	USD		99.117.044
	Motor Vehicles	Group Companies	Ak Sigorta A.Ş.	31 December 2020 - 31 December 2021	TL	11.493.571	
	Machinery and Fixture	Group Companies	Ak Sigorta A.Ş.	31 December 2020 - 31 December 2021	USD		128.716.100
	Theft	Group Companies	Ak Sigorta A.Ş.	31 December 2020 - 31 December 2021	USD		494.150
	USD Total						228.327.294
	TL Total						11.493.571

22.5 Ratio of guarantees and mortgages to equity;

As of 31 December 2021 and 2020, the Group's collateral / pledge / mortgage ("G&P&M") position is as follows:

	31 December	31 December	31 December	31 December
	2021	2021	2020	2020
	Original Currency Amount	TL Equivalent	Original Currency Amount	TL Equivalent
Collateral, Pledge, Mortgages Given by the Group				
A. Total amount of CPM given in the name of its own legal personality	-	1.402.137.352	-	664.555.522
Letters of Guarantee (TL)	-	59.187.484	-	136.366.317
Letters of Guarantee (EURO)	23.976.150	361.720.982	4.908.300	44.213.476
Letters of Guarantee (USD)	3.636.057	48.465.004	4.922.895	36.136.511
Mortgage (TL)	-	-	-	-
Mortgage (EURO)	-	-	-	-
Guarantee Cheques (TL)	-	-	-	-
Guarantee Cheques (USD)	-	-	-	-
Guarantee Notes and Bond (TL)	-	116.593.750	-	2.900.000
Guarantee Notes and Bond (USD)	17.332.500	231.024.893	19.375.000	142.222.188
Guarantee Notes and Bond (EURO)	27.836.250	419.957.153	24.620.000	221.774.498
Guarantee Notes and Bond (GBP)	9.194.125	165.188.086	8.140.000	80.942.532
Pledge (TL)				
B. Total amount of CPM's given on behalf of the fully consolidated subsidiaries	-	52.788.692	-	37.772.291
Bill of Guarantees (TL)	-	18.587.342	-	18.587.341
Bill of Guarantees (EURO)	500.000	7.543.350	500.000	4.503.950
Bill of Guarantees (USD)	2.000.000	26.658.000	2.000.000	14.681.000
Mortgage (TL)	-	-	-	-
C. Total amount of CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	-	-	-	-
Total		1.454.926.044		702.327.814

The ratio of other CPM given by the Group to the equity is 0%: (31 December 2020: 0%)

NOTE 23 - COMMITMENTS

None.

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NOTE 24 - PROVISIONS FOR EMPLOYEE BENEFITS

As of 31 December 2021 and 2020, provisions for employee benefits are as follows:

Account Name	31 December 2021	31 December 2020
Provision for Employment Termination Benefits	81.298.243	59.943.241
- Long Term Provision for Employment Termination Benefits	81.298.243	59.943.241
Provision for Premium	24.758.065	8.551.509
Provision for Unused Vacation	6.613.125	5.000.080
Total	112.669.433	73.494.830

Under Turkish Labour Law, Sarkuysan and its Turkish subsidiaries and associates are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). As of 31 December 2021, the amount payable consists of one month's salary limited to a maximum of TL 10.848,59 (31 December 2020: TL 7.638,96) for each year of service. The liability is not funded as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of total liabilities:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As of 31 December 2021, the provisions in the accompanying consolidated financial statements are calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees.

As of the 31 December 2021, the provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 9.20% and an interest rate of 13.40%, resulting in a real discount rate of 3.85% (31 December 2020: 2,76% real discount rate). As of the 31 December 2021, turnover rate to estimate the probability of retirement is 99.60%. (31 December 2020: 99.48%). The real discount rates are reviewed during the period.

Movements in the provision for employment termination benefits are as follows:

	1 January 2021 31 December 2021	1 January 2020 31 December 2020
Beginning of the Period – 1 January	59.943.241	54.062.164
Service Cost	5.511.731	4.401.386
Interest Cost	7.650.207	5.850.914
Actuarial gains /(losses)	10.972.084	(1.186.547)
Losses on remeasurements of defined benefit plans	228.276	2.676.266
Payments during the period (-)	(3.007.296)	(5.860.942)
End of the period – 31 December	81.298.243	59.943.241

As of the 31 December 2021, provision for employment termination benefit is amounting to TL 13.390.215 (31 December 2020: TL 12.928.567) and the functional breakdown is as follows:

	1 January 2021 31 December 2021	1 January 2020 31 December 2020
Production Cost	(10.157.152)	(10.396.212)
Marketing, Sales and Distribution Expenses	(585.383)	(851.891)
General Administrative Expenses	(2.706.919)	(1.413.943)
Research and Development Expenses	(108.170)	(266.521)
Provision for Employment Termination Benefits (Provision No Longer Required)	167.409	-
Amount Recognized in Profit or Loss	(13.390.215)	(12.928.567)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in ("TL") unless otherwise indicated.)

	1 January 2021 31 December 2021	1 January 2020 31 December 2020
Actuarial (Gains) /Loss Recognized in Other Comprehensive Income (Taxable)	(10.972.084)	1.186.547
Tax Effect %20	2.190.615	(244.012)
Net Actuarial (Gains)/ Losses	(8.781.469)	942.535

NOTE 25 - RETIREMENT PLANS

None.

NOTE 26 - OTHER ASSETS AND LIABILITIES

As of 31 December 2021 and 2020, short and long term prepaid expenses are as follows:

Account Name	31 December 2021	31 December 2020
Short Term Prepaid Expenses	12.418.571	4.267.050
Advances Given	101.273.252	27.426.519
Business Cash Advances	42.229	60.539
Total Prepaid Expenses (Current Assets)	113.734.052	31.754.108
Advances Given for Non-Current Assets	2.617.713	404.456
Total Prepaid Expenses (Non-Current Assets)	2.617.713	404.456

As of 31 December 2021 and 2020, other current assets are as follows:

Account Name	31 December 2021	31 December 2020
Deferred VAT	2.157.336	12.430.831
Advances Given to Employee	195.583	118.475
Income Accruals	1.652	-
Other	1.036.609	1.579.795
Total	3.391.180	14.129.101

As of 31 December 2021 and 2020, the Group has no other non-current assets.

As of 31 December 2021 and 2020, deferred income are as follows:

Account Name	31 December 2021	31 December 2020
Deferred Income from Third Parties	187.909.673	32.894.522
- <i>Advances Received</i>	187.909.673	32.894.522
Total	187.909.673	32.894.522

As of 31 December 2021 and 2020, the Group has no current liabilities.

As of 31 December 2021 and 2020, the Group has no non-current liabilities.

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NOTE 27 - EQUITY

27.1 Non-Controlling Interests

	31 December 2021	31 December 2020
Non-Controlling Interests	1.050.059	680.755
Total	1.050.059	680.755

Movements of non-controlling interests are as follows:

	1 January 2021 31 December 2021	1 January 2020 31 December 2020
Beginning of the Period – 1 January	680.755	543.349
Share from Profit for the Period	477.464	159.299
Dividend Distribution	(107.934)	(22.016)
Currency Translation Differences	6.410	2.018
Actuarial Gains/Losses on Employment Termination Benefits	(6.636)	(1.895)
End of the Period – 31 December	1.050.059	680.755

27.2 Share Capital / Capital Adjustments Due to Cross-Ownership

The capital of the Group comprise of 30.000.000.000 number of outstanding Class A and Class B shares, each with a nominal value of TL 0.01. The information regarding the distribution of shares by these groups and the privileges are as follows:

31.12.2021

	Nominal Value	Number of Outstanding Shares
Class A Shares	15	1500
Class B Shares	299.999.985	29.999.998.500
Total	300.000.000	30.000.000.000

31.12.2020

	Nominal Value	Number of Outstanding Shares
Class A Shares	15	1500
Class B Shares	299.999.985	29.999.998.500
Total	300.000.000	30.000.000.000

All of the Class A shares consist of registered shares, and 5 members of the 12-person board of directors are selected from among the candidates nominated by the Class A shareholders, and 4 members of the Board of Directors are selected from among the candidates nominated by the Class B shareholders. 3 members of the Board of Directors are elected as independent board members in accordance with the regulations of the Capital Markets Board on corporate governance.

All of the shares of the Sarkuysan have been quoted on the Borsa Istanbul and there is no shareholder who is holding voting rights more than 10% included in paid-in share capital with a nominal value amounting to TL 300.000.000.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

The analysis of accumulated other comprehensive income or expenses not to be reclassified in profit or loss recognised under equity is as follows:

Account Name	31 December 2021	31 December 2020
Actuarial Gains/Losses	(21.622.724)	(12.847.891)
Investment Properties Revaluation Surplus	23.800.684	23.800.684
Property, Plant and Equipment Revaluation Surplus	-	-
Gains/losses on revaluation and remeasurement	2.177.960	10.952.793
Share of other comprehensive income/(expenses) of investments accounted for using the equity method (Note 16)	(2.298.643)	(1.729.941)
Accumulated Other Comprehensive Income or Expenses not to be Reclassified in Profit or Loss, net	(120.683)	9.222.852

The movement of other comprehensive income/(expenses) not be reclassified in profit or loss is as follows:

31 December 2021

	Actuarial Gains/ Losses (***)	Investment Properties Revaluation Surplus (*)	Other Gains/ Losses (**)	Total
Beginning of the Period - 1 January	(12.847.891)	23.800.684	(1.729.941)	9.222.852
Additions	-	-	-	-
Transfer to Retained Earnings	-	-	-	-
Actuarial Gains/Losses on Employment Termination Benefits	(10.972.084)	-	-	(10.972.084)
Deferred Tax Offset (-)	2.190.615	-	(568.702)	1.621.913
Effect of Non-Controlling Interests, net	6.636	-	-	6.636
End of the Period – 31 December	(21.622.724)	23.800.684	(2.298.643)	(120.683)

31 Aralık 2020

	Actuarial Gains/ Losses (***)	Investment Properties Revaluation Surplus (*)	Other Gains/ Losses (**)	Total
Beginning of the Period - 1 January	(13.792.321)	23.800.684	(1.729.941)	8.278.422
Additions	-	-	-	-
Transfer to Retained Earnings	-	-	-	-
Actuarial Gains/Losses on Employment Termination Benefits	1.186.547	-	-	1.186.547
Deferred Tax Offset (-)	(244.012)	-	-	(244.012)
Effect of Non-Controlling Interests, net	1.895	-	-	1.895
End of the Period – 31 December	(12.847.891)	23.800.684	(1.729.941)	9.222.852

(*)The Group's investment property is recognized at their fair value. Investment properties have been assessed for the intended purpose of initial classification related to capital appreciation which was recognized under equity. Capital appreciation related to investment property subject to revaluation which was recognized under consolidated statement of profit or loss in subsequent periods. "Revaluation Surplus" is recognized also under equity. The deferred tax asset related to capital appreciation is offsetted from revaluation differences. In accordance with the communiqué announced by CMB VIII, No:35" Communiqué on principles regarding appraisal companies and their listing by the board" the evaluation is made by real estate appraisal companies which listed by the Board, when determine the fair value of investment property.

(***)Explanations regarding Actuarial Gains / Losses are disclosed in Note. 24.

(**)The Group's subsidiaries are recognized as investments accounted for using equity method under share of other comprehensive income.

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

The analysis of accumulated other comprehensive income or expenses to be reclassified in profit or loss recognised under equity is as follows:

Account Name	31 December 2021	31 December 2020
Currency translation differences	228.385.307	85.515.955
Accumulated Other Comprehensive Income or Expenses to be Reclassified in Profit or Loss, net	228.385.307	85.515.955

27.5 Restricted Reserves

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's historical 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 historical paid-in share capital. Under TCC, the legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted.

27.6 Retained Earnings

Retained earnings comprise of extraordinary reserves and other retained earnings. In accordance with CMB regulations, the functional breakdown of retained earnings as of 31 December 2021 and 2020, is as follows:

Account Name	31 December 2021	31 December 2020
Extraordinary Reserves		
Special Funds	298.543	158.648
Other Retained Earnings	69.995.803	11.730.458
Total	245.146.700	99.732.944

Shares of publicly-held companies distributed dividends in accordance with the Article 19 of the Capital Market Law No. 6362 and the Capital Markets Board of Turkey ("CMB") in accordance with the Communiqué on the Dividend of II-19.1, which came into force on 1 February 2014. According to the said Communiqué, there is no profit distribution obligation of the companies whose shares are traded on the stock exchange; the companies can distribute their profits in accordance with the profit distribution policies to be determined by the Board of Directors decision and in accordance with the provisions of the relevant legislation. In addition, according to the same Communiqué, profit share advance can be paid on the profits included in the interim financial statements.

27.7 Equity

As of 31 December 2021 and 2020, equity items is as follows:

Account Name	31 December 2021	31 December 2020
Paid-in Share Capital	300.000.000	300.000.000
Adjustment to Share Capital	1.020.551	1.020.551
Accumulated Other Comprehensive Income Or Expenses not to Be Reclassified In Profit Or Loss	(120.683)	9.222.852
<i>Gains/(Losses) on Remeasurements of</i>	<i>(21.622.724)</i>	<i>(12.847.891)</i>
<i>Investment Properties Revaluation Surplus</i>	<i>23.800.684</i>	<i>23.800.684</i>
<i>Other Gains and Losses</i>	<i>(2.298.643)</i>	<i>(1.729.941)</i>
Accumulated Other Comprehensive Income Or Expenses to Be Reclassified In Profit Or Loss	228.385.307	85.515.955
<i>Currency Translation Differences</i>	<i>228.385.307</i>	<i>85.515.955</i>
Restricted Reserves	112.525.168	94.309.591
Retained Earnings	245.146.700	99.732.944
Profit for the Period	553.222.655	247.975.404
Total Equity Holders of the Parent	1.440.179.698	837.777.297
Non-Controlling Interests	1.050.059	680.755
Total Equity	1.441.229.757	838.458.052

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NOTE 28 - REVENUE AND COST OF SALES

As of 31 December 2021 and 2020, revenue and cost of sales is as follows:

Account Name	1 January - 31 December 2021	1 January - 31 December 2020
Domestic Sales (*)	6.638.020.359	3.197.358.468
Foreign Sales	7.379.475.422	3.629.906.070
Other Sales	73.227	36.945
Sales Returns (-)	(49.508.267)	(30.069.199)
Sales Discounts (-)	(104.656.619)	(54.444.771)
Revenue	13.863.404.122	6.742.787.513
Cost of Sales (-)	(12.984.362.428)	(6.280.899.112)
Gross Profit	879.041.694	461.888.401

(*) As a result of the hedging transactions carried out in order to provide protection against sales and purchasing price movements on an order basis in sales, the Group has expenses amounting to TL 117.741.303 in 2021 in which is classified under revenue.

The functional breakdown of cost of sales is as follows:

Account Name	1 January - 31 December 2021	1 January - 31 December 2020
Cost of Goods Sold (-)	(12.806.057.213)	(6.126.792.397)
Cost of Merchandise Sold(-)	(114.673.488)	(101.310.593)
Cost of Services Sold (-)	(36.642.622)	(29.854.906)
Depreciation and Amortisation Charges (-)	(26.989.105)	(22.941.216)
Cost of Sales (-), net	(12.984.362.428)	(6.280.899.112)

Production Outputs	Unit of Measurement	1 January - 31 December 2021	1 January - 31 December 2020
Tonne	Tonne	159.652	139.889
Copper Pipe, Bars, Bronze, etc.	Tonne	16.551	13.901
Copper Bar, Plate	Tonne	347	413
Spools	Piece	12.278	12.677
Machinery Manufacturing	Piece	72	32
CTC Wire	Tonne	2.184	1769
Enamelled Copper Wire	Tonne	9.722	8.685

Sales Volume	Unit of Measurement	01 Ocak - 31 Aralık 2021	01 Ocak - 31 Aralık 2020
Copper Wire	Tonne	160.196	142.073
Copper Pipe, Bars, Bronze, etc.	Tonne	16.196	13.821
Copper Bar, Plate	Tonne	440	373
Spools	Piece	12.793	12.330
Machinery Manufacturing	Piece	72	32
CTC Wire	Tonne	2.183	1.797
Enamelled Copper Wire	Tonne	9.789	8.668

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NOTE 29 - RESEARCH AND DEVELOPMENT EXPENSES, MARKETING SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

As of 31 December 2021 and 2020, operating expenses is as follows:

Account Name	1 January - 31 December 2021	1 January - 31 December 2020
Marketing, Sales and Distribution Expenses (-)	(66.620.345)	(41.031.389)
General Administrative Expenses (-)	(75.409.628)	(56.128.582)
Research and Development Expenses (-)	(4.059.992)	(4.237.278)
Total Operating Expenses, net	(146.089.965)	(101.397.249)

NOTE 30 - EXPENSES BY NATURE

As of 31 December 2021 and 2020, the functional breakdown of expenses by nature is as follows:

Marketing, Sales and Distribution Expenses	1 January - 31 December 2021	1 January - 31 December 2020
Personnel Expenses	(13.038.419)	(10.240.733)
Provision for Employment Termination Benefits	(585.383)	(851.891)
Communication and IT Expenses	(250.179)	(275.093)
Transportation, Distribution and Storage Expenses	(40.945.474)	(22.258.180)
Advertisement and Promotion Expenses	(640.335)	(669.840)
Insurance Expenses	(1.835.574)	(973.921)
Taxes, Duties and Charges	(4.006.682)	(1.912.760)
Depreciation and Amortisation Charges	(353.699)	(258.150)
Representation and Hospitality Expenses	(46.619)	(179.709)
Motor Vehicle Expenditures	(239.484)	(154.917)
Rent Expenses	(24.683)	(2.417.880)
Other	(4.653.814)	(838.315)
Total	(66.620.345)	(41.031.389)

General Administrative Expenses	1 January - 31 December 2021	1 January - 31 December 2020
Personnel Expenses	(46.217.381)	(32.601.504)
Communication and IT Expenses	(630.551)	(476.176)
Representation and Hospitality Expenses	(757.826)	(676.535)
Insurance Expenses	(3.526.919)	(1.550.849)
Consultancy and Audit Expenses	(3.196.396)	(2.706.313)
Maintenance and Repair Expenses	(2.133.933)	(1.793.194)
Provision for Employment Termination Benefits	(2.706.919)	(1.413.943)
Taxes, Duties and Charges	(1.540.517)	(1.955.882)
Depreciation and Amortisation Charges	(3.827.068)	(4.171.943)
Travel Expenses	(472.907)	(91.878)
Motor Vehicle Expenditures	(68.733)	(33.042)
Rent Expenses	(367.575)	(202.384)
Outsourcing Expenses	(3.255.813)	(2.417.880)
Other	(6.707.090)	(6.037.059)
Total	(75.409.628)	(56.128.582)

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Research and Development Expenses	1 January - 31 December 2021	1 January - 31 December 2020
Personnel Expenses	(3.334.031)	(3.291.331)
Depreciation and Amortisation Charges	(173.780)	(192.303)
Outsourcing Expenses	(70.012)	(120.975)
Provision for Employment Termination Benefits	(108.170)	(266.521)
Other	(373.999)	(366.148)
Total	(4.059.992)	(4.237.278)

Research and development costs incurred during the period is amounting to TL 4.059.992 (31 December 2020: TL 4.237.278). The Group does not have capitalized research and development costs during the period. (31 December 2020: None.)

The functional breakdown of depreciation and amortisation charges in the consolidated statement of profit or loss are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Cost of Sales	(26.989.105)	(22.941.216)
Marketing, Sales and Distribution Expenses	(353.699)	(258.150)
General Administrative Expenses	(3.827.068)	(4.171.943)
Research and Development Expenses	(173.780)	(192.303)
Total	(31.343.652)	(27.563.612)

NOTE 31 - OTHER OPERATING INCOME/(EXPENSES)

As of 31 December 2021 and 2020, other operating income/expenses is as follows:

Account Name	1 January - 31 December 2021	1 January - 31 December 2020
Other Operating Income	2.249.415.277	518.484.711
Prior Years Income	163.552	538.489
Provisions No Longer Required (Doubtful Receivables)	1.120.428	5.989.640
Rent Income	2.524.910	2.081.529
Provisions No Longer Required (Lawsuits)	470.000	165.000
Provisions No Longer Required (Employment Termination Benefits)	167.409	29.337
Interest and Rediscount Income	50.649.924	21.006.001
Income arising from Insurance Claims	769.020	267.645
Income arising from incentives and exemptions	1.079.069	7.028.580
Foreign Exchange Gains	2.181.182.651	476.480.729
Other	11.288.314	4.897.761
Other Operating Expenses (-)	(1.688.950.331)	(402.677.500)
Provision for Doubtful Receivables	(1.210.486)	(15.196.999)
Provision for Lawsuits	-	(55.000)
Idle Capacity Expenses and Losses	-	-
Interest and Rediscount Expenses	(12.378.192)	(5.229.550)
Foreign Exchange Losses	(1.669.897.456)	(368.702.624)
Other	(5.464.197)	(13.493.327)
Other Operating Income / Expenses (Net)	560.464.946	115.807.211

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NOTE 32 - GAINS/ (LOSSES) FROM INVESTMENT ACTIVITIES

As of 31 December 2021 and 2020, gains and losses from investment activities is as follows:

Account Name	1 January - 31 December 2021	1 January - 31 December 2020
Gains from Investment Activities	54.704.841	7.512.150
Gain on Sale of Property, Plant and Equipment and Intangible Assets	1.788.191	159.146
Gains arising from Financial Investments Revaluation Surplus	405.650	145.004
Dividend Income	3.499.000	-
Gains arising from Investment Properties Revaluation Surplus	49.012.000	7.208.000
Loss from Investment Activities (-)	(220.203)	(315.312)
Losses on Sale of Property, Plant and Equipment and Intangible Assets	(220.203)	(315.312)
Losses on Impairment of Financial Investments	-	-
Gains/(Losses) on Shares of Investments Accounted for using the Equity Method (Note 16)	10.404.825	6.988.747
Total Gains/Losses from Investment Activities, net	64.889.463	14.185.585

NOTE 33 - FINANCIAL INCOME / EXPENSE

As of 31 December 2021 and 2020, financial income is as follows:

Financial Income	1 January - 31 December 2021	1 January - 31 December 2020
Interest Income	13.783.350	7.757.100
Foreign Exchange Gains	255.826.881	80.712.061
Financial Income, net	269.610.231	88.469.161

As of 31 December 2021 and 2020, financial expenses is as follows:

Financial Expenses	1 January - 31 December 2021	1 January - 31 December 2020
Interest Expenses	(143.790.258)	(72.936.784)
Foreign Exchange Losses	(691.796.806)	(181.985.653)
Bank Fees and Charges	(29.401.989)	(14.343.295)
Financial Expenses, net	(864.989.053)	(269.265.732)

NOTE 34 - ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None.

NOTE 35 - TAX ASSETS AND LIABILITIES

The Group's tax expense (or income) consists of current period's corporate tax expense and deferred tax expense (or income) and the functional breakdown of income taxes is as follows:

Account Name	1 January - 31 December 2021	1 January - 31 December 2020
Current Period Tax Expense (-)	(194.655.958)	(60.509.002)
Deferred Income Tax / (Expense)	(14.679.173)	(1.065.688)
Total Tax Income/(Expense)	(209.335.131)	(61.574.690)

35.1 Corporate tax

The Group, its subsidiaries and associates in Turkey, are subject to the tax legislation and practices in force in Turkey. Therefore, provisions for taxes are reflected in the accompanying consolidated financial statements.

Account Name	31 December 2021	31 December 2020
Current Period Tax Expense (-)	194.655.958	60.509.002
Prepaid Taxes (-)	(99.808.931)	(35.761.428)
Total Net Tax Payable, net	94.847.027	24.747.574

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As of the end of the reporting period, the Group has deductible prepaid tax amounting to TL 788.917 included in current assets and recognised under "current income tax assets" in the accompanying consolidated financial statements (31 December 2020: TL 194.575).

Advance tax in Turkey is calculated and accrued on a quarterly basis. Corporate income as of the temporary tax periods, temporary tax rate of 25% over the corporate income was calculated and prepaid taxes deducted from taxation on income.

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

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

Corporate Tax Rates:

Corporation Tax rate applied in Turkey is 25% in 2021. In the Official Gazette dated April 22, 2021 and numbered 31462, the Law No. 7316 on the procedure for the collection of public receivables and Law Amending Certain Laws has been published and the Provisional Article 13 has been added to the Corporate Tax Law with the 11th article of the stated Law. Corporate tax rate of 20% with the added item will be applied as; - 25% for corporate earnings for the 2021 taxation period. - 23% for corporate earnings for the 2022 taxation period. The respective rate increase came into effect on April 22, 2021, starting from the declarations that must be submitted as of July 1, 2021 and to be valid for the corporate earnings for the taxation period starting from January 1, 2021. As of 31 December 2021, deferred tax assets and liabilities have been calculated 23% and 20% for corporate earnings accordingly.

Losses can be carried forward to offset the future taxable income for a maximum period of 5 years. On the other hand, such losses cannot be carried back to offset prior years profits.

Income Withholding Tax:

In addition to the corporate tax, it is required to calculate income tax withholding on any dividends, except for those distributed to all taxpayer entities and Turkish branches of foreign companies gaining dividend for such distribution and declaring these dividends within the corporate profit. The rate of income withholding tax implemented as 10% between 24 April 2003 and 22 July 2006. The rate of withholding tax has been increased from 10% to 15% upon the Cabinet decision No: 2006/10731, which was published in Official Gazette on July 23, 2006.

35.2 Deferred Tax

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

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

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The breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using principal tax rates are as follows:

Account Name	31 December 2021 Cumulative Temporary Differences	31 December 2020 Cumulative Temporary Differences	31 December 2021 Deferred tax assets / liabilities	31 December.2020 Deferred tax assets / liabilities
Property, Plant and Equipment	30.460.001	26.581.715	(4.012.482)	(3.236.823)
Investment Properties Revaluation Surplus	154.083.468	105.071.468	(15.408.347)	(10.507.147)
Foreign Subsidiaries' Deferred Tax Assets	-	-	5.821.321	3.801.285
Rediscount Expenses	6.883.161	2.837.586	1.583.127	567.517
Provision for Employment Termination Benefits	80.671.641	59.443.661	16.134.328	11.888.732
Provision for Doubtful Receivables	(15.630.849)	13.314.243	(3.595.095)	2.662.849
Provision for Lawsuits	1.320.000	1.790.000	303.600	363.500
Provision for Interest Expenses	(36.606.513)	2.895.099	(8.419.498)	(579.020)
Derivatives Transactions (Net)	5.661.745	14.131.925	(1.302.201)	(2.826.385)
Provision for Unused Vacation	6.316.967	4.929.001	1.452.902	996.404
Rediscount Income	416.397	146.433	(95.771)	(29.287)
Adjustments for Prepaid Expenses	4.584.118	6.821.629	1.054.347	1.364.326
Other	26.172.519	199.149	6.019.680	(10.719)
Deferred Tax Assets / (Liabilities), Net (*)			(464.089)	4.455.232

(*) The Group has been presented the net effect of deferred tax assets and liabilities in the consolidated balance sheets.

Movements in deferred tax assets/(liabilities) are as follows:

	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020
Beginning of the Period – 1 January	4.455.232	6.984.627
TFRS 9 effect, net	-	-
Actuarial Gains/Losses on Employment Termination Offset under Equity	2.190.615	(244.012)
Currency Translation Differences	7.569.237	(1.219.695)
Investment Properties Revaluation Surplus Charge to Equity, net	-	-
Deferred Tax Income / (Expense)	(14.679.173)	(1.065.688)
End of the Period – 31 December	(464.089)	4.455.232

	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020
Deferred Tax Assets	7.800.892	5.789.155
Deferred Tax Liabilities	(8.264.981)	(1.333.923)
End of the period – 31 December	(464.089)	4.455.232

The Turkish Tax Legislation does not allow the parent company to file a tax return on its consolidated financial statements. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis. On the consolidated financial statements, deferred tax assets and liabilities of different companies are shown separately and are not netted off.

Deferred tax assets and liabilities shown in the table above are calculated on the basis of gross values and represent the net deferred tax position.

Tax Provision Reconciliation:	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020
Profit before tax	762.927.316	309.687.377
Corporate Tax 25%	(197.016.362)	(71.555.158)
Tax Effect:		
- Non-Taxable Income	23.928.096	17.068.559
- Non-Deductible Expenses	(36.246.865)	(7.088.091)
Tax Provision Position in Profit or Loss, net	(209.335.131)	(61.574.690)

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NOTE 36 - EARNINGS PER SHARE

Earnings per share disclosed in the profit or loss and other comprehensive income is determined by dividing the net income by the weighted average number of shares that have been outstanding during the relevant period. Number of total shares and calculation of earnings per share at 1 January – 31 December 2021 and 2020 is as follows:

Account Name	1 January - 31 December 2021	1 January - 31 December 2020
Profit for the Period	553.222.655	247.975.404
Weighted Average Number of Shares	30.000.000.000	30.000.000.000
Earnings Per Share	0,0184	0,0083

NOTE 37 - RELATED PARTY DISCLOSURES

Related parties balances are as follows:

31 December 2021

	Receivables		Payables	
	Trade Receivables	Other Receivables	Trade Payables	Other Payables
Demisaş	7.045.913	-	-	-
Total	7.045.913	-	-	-

31 December 2020

	Receivables		Payables	
	Trade Receivables	Other Receivables	Trade Payables	Other Payables
Demisaş	2.997.739	-	-	-
Total	2.997.739	-	-	-

There has been no guarantee given or obtained from related parties.

Related parties transactions are as follows:

31 December 2021

Related Parties:	Sales of Goods and Services	Rent Income	Foreign Exchange - Delay Interest Gains	Other Sales	Total
Demisaş	26.207.427	266.400	1.725.831	160.076	28.359.734
Total	26.207.427	266.400	1.725.831	160.076	28.359.734

Related Parties:	Purchases of Goods and Services	Rent Expenses	Foreign Exchange - Delay Interest Losses	Other Purchases	Total
Demisaş	110.440	-	264.329	-	374.769
Total	110.440	-	264.329	-	374.769

31 December 2020

Related Parties:	Sales of Goods and Services	Rent Income	Foreign Exchange - Delay Interest Gains	Other Sales	Total
Demisaş	12.796.953	237.180	587.643	267.720	13.889.496
Total	12.796.953	237.180	587.643	267.720	13.889.496

Related Parties:	Purchases of Goods and Services	Rent Expenses	Foreign Exchange - Delay Interest Losses	Other Purchases	Total
Demisaş	-	-	14.406	17.306	31.712
Total	-	-	14.406	17.306	31.712

Total key management compensation incurred by Sarkuysan in 2021 is amounted to TL 13.191.495 (31 December 2020: TL 11.192.531).

SAR KUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

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NOTE 38 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS*Capital Risk Management*

The Group's main objectives for capital management are to keep the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debts includes the credits explained in note 8, cash and cash equivalents explained in note 6 and resource items containing respectively issued capital, capital reserves, profit reserves and retained earnings explained in note 27.

Risks, associated with each capital class, and the senior management evaluates the capital cost. It is aimed that the capital structure will be stabilized by means of new borrowings or repaying the existing debts as well as dividend payments and new share issuances based on the senior management evaluations.

The Group monitors capital by using the debt to total capital ratio. This ratio is calculated by dividing net debt by total capital. Net debt is calculated by deducting cash and cash equivalents from the total debt amount (as shown in the balance sheet, loans, finance leases and trade payables). Total capital is calculated by summing the equity and net debt as shown in the balance sheet.

General strategy based on the Group's equity does not differ from the previous period. The Group's risk policy mainly focuses on unpredictability and volatility of financial markets and intends to minimize the probable negative effects through the policies applied.

Significant Accounting Policies

The Group's significant accounting policies relating to financial instruments are presented in the **Note 2**.

Risks

Market risks encountered at the Group level are measured on the basis of sensitivity analysis.

Market risks faced by the Group in current period or the process of undertaking the faced risks or the process of the measure of faced risks were not changed according to previous year.

Foreign Exchange Risk Management

As a result of the Group doing business in a wide geography, operations are carried out in different currencies. Therefore, exchange rate risk is one of the most significant financial risks. The main principle in the management of this risk is to maintain the level of foreign exchange position close to zero by balancing the foreign exchange assets and foreign exchange liabilities on the basis of exchange rates in such a way that they are least affected by exchange rate fluctuations. Generally, in-balance sheet methods are preferred for the management of exchange rate risk. Meanwhile, derivative instruments are also used for hedging transactions.

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The following table details the Group's foreign currency sensitivity as at 31 December 2021 and 2020 for the changes at the rate of 10%:

Exchange Rate Sensitivity Analysis Table 31 December 2021	Profit / Loss		Equity	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
Change in USD against TL by 10%				
1- USD Net Asset / Liability	(14.296.741)	14.296.741	(14.296.741)	14.296.741
2- Hedged portion of USD Risk (-)	-	-	-	-
3- USD Net Effect (1+2)	(14.296.741)	14.296.741	(14.296.741)	14.296.741
Change in EUR against TL by 10%				
4- EURO Net Asset / Liability	(49.603.689)	49.603.689	(49.603.689)	49.603.689
5- Hedged portion of Euro Risk (-)	-	-	-	-
6- EURO Net Effect (4+5)	(49.603.689)	49.603.689	(49.603.689)	49.603.689
Change in GBP against TL by 10%				
7- GBP Net Asset / Liability	(8.818.612)	8.818.612	(8.818.612)	8.818.612
8- Hedged portion of GBP Risk (-)	-	-	-	-
9- GBP Net Effect (7+8)	(8.818.612)	8.818.612	(8.818.612)	8.818.612
Change in Other currencies against TL by 10%				
10- Other currencies Net Asset / Liability	-	-	-	-
11- Hedged portion of Other Currencies Risk (-)	-	-	-	-
12- Other Currencies Net Effect (10+11)	-	-	-	-
TOTAL	(72.719.042)	72.719.042	(72.719.042)	72.719.042

Exchange Rate Sensitivity Analysis Table 31 December 2020	Profit / Loss		Equity	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
Change in USD against TL by 10%				
1- USD Net Asset / Liability	(967.586)	967.586	(967.586)	967.586
2- Hedged portion of USD Risk (-)	-	-	-	-
3- USD Net Effect (1+2)	(967.586)	967.586	(967.586)	967.586
Change in EUR against TL by 10%				
4- EURO Net Asset / Liability	(15.918.506)	15.918.506	(15.918.506)	15.918.506
5- Hedged portion of Euro Risk (-)	-	-	-	-
6- EURO Net Effect (4+5)	(15.918.506)	15.918.506	(15.918.506)	15.918.506
Change in GBP against TL by 10%				
7- GBP Net Asset / Liability	(2.290.114)	2.290.114	(2.290.114)	2.290.114
8- Hedged portion of GBP Risk (-)	-	-	-	-
9- GBP Net Effect (7+8)	(2.290.114)	2.290.114	(2.290.114)	2.290.114
Change in Other currencies against TL by 10%				
10- Other currencies Net Asset / Liability	-	-	-	-
11- Hedged portion of Other Currencies Risk (-)	-	-	-	-
12- Other Currencies Net Effect (10+11)	-	-	-	-
TOTAL	(19.176.206)	19.176.206	(19.176.206)	19.176.206

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Foreign Exchange Position Table

	31 December 2021	
	TL Equiva-lent	USD
1. Trade Receivables	1.889.395.166	63.463.389
2a. Monetary Financial Assets	320.463.875	13.586.251
2b. Non-monetary financial assets	-	-
3. Other	-	-
4. Total Current Assets (1+2+3)	2.209.859.041	77.049.640
5. Trade Receivables	45.260	-
6a. Monetary Financial Assets	-	-
6b. Non-monetary financial assets	-	-
7. Other	-	-
8. Total Non-Current Assets(5+6+7)	45.260	-
9. Total Assets (4+8)	2.209.904.301	77.049.640
10. Trade Payables	998.194.657	44.347.343
11. Financial Liabilities	1.329.046.420	39.379.297
12a. Other Monetary Liabilities	164.049.549	6.641.718
12b. Other Non- Monetary Liabilities	-	-
13. Total Current Liabilities (10+11+12)	2.491.290.626	90.368.358
14. Trade Payables	-	-
15. Financial Liabilities	451.465.827	1.004.804
16a. Other Monetary Liabilities	-	-
16b. Other Non- Monetary Liabilities	-	-
17. Total Non-Current Liabilities (14+15+16)	451.465.827	1.004.804
18. Total Liabilities (13+17)	2.942.756.453	91.373.162
19. Off-Balance Sheet Derivative Instruments Net Asset / (Liability) Position (19a-19b)	5.661.729	3.597.480
19a. Total Asset Amount of Hedged	322.147.947	13.895.301
19b. Total Liabilities Amount of Hedged	316.486.218	10.297.821
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	(727.190.423)	(10.726.042)
21. Monetary Items Net Foreign Exchange Asset / (Liabilities) Position (1+2a+3+5+6a-10-11-12a-14-15-16a)	(732.852.152)	(14.323.522)
22. Total Fair Value of Financial Instruments Used for Foreign Exchange Hedge	-	-
23. Foreign Exchange Hedged Portion Amount of Assets	-	-
24. Foreign Exchange Hedged Portion Amount of Liabilities	-	-
25. Export	7.400.683.796	295.136.177
26. Import	9.918.301.408	870.266.888

31 December 2020							
EUR	GBP	Other	TL Equivalent	USD	EUR	GBP	Other
62.157.874	5.885.024	-	947.979.883	53.029.630	53.447.947	7.769.879	-
9.010.754	190.919	-	106.479.955	11.381.689	2.319.883	204.690	-
-	-	-	-	-	-	-	-
-	-	-	918.247	113.417	5.537	3.603	-
71.168.628	6.075.943	-	1.055.378.085	64.524.736	55.773.367	7.978.172	-
3.000	-	-	27.024	-	3.000	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3.000	-	-	27.024	-	3.000	-	-
71.171.628	6.075.943	-	1.055.405.109	64.524.736	55.776.367	7.978.172	-
26.886.045	81.664	-	447.122.893	40.956.720	16.207.328	48.885	-
42.644.038	8.950.000	-	580.634.422	19.887.060	39.475.092	7.951.264	-
4.818.182	157.604	-	23.276.993	877.284	1.844.271	22.555	-
-	-	-	1.335.043	93.068	63.898	7.673	-
74.348.265	9.189.268	-	1.052.369.351	61.814.132	57.590.589	8.030.377	-
-	-	-	-	-	-	-	-
29.037.019	-	-	208.929.754	13.956.384	11.821.059	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
29.037.019	-	-	208.929.754	13.956.384	11.821.059	-	-
103.385.284	9.189.268	-	1.261.299.105	75.770.516	69.411.648	8.030.377	-
(665.430)	(1.794.984)	-	14.131.934	9.927.631	(4.036.438)	(2.250.851)	-
9.076.702	-	-	259.866.074	20.325.801	11.238.076	948.638	-
9.742.132	1.794.984	-	245.734.140	10.398.170	15.274.514	3.199.489	-
(32.879.086)	(4.908.309)	-	(191.762.062)	(1.318.149)	(17.671.719)	(2.303.056)	-
(32.213.656)	(3.113.325)	-	(205.893.996)	(11.245.780)	(13.635.281)	(52.205)	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
403.185.423	46.208.032	-	3.673.666.562	235.138.845	222.985.455	25.875.716	-
201.371.691	18.843	-	4.555.015.170	526.805.654	101.977.789	4.918	-

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in ("TL") unless otherwise indicated.)

Interest Risk

The Group is exposed to interest rate risk arising from the rate changes on interest-bearing liabilities and assets. The Group manages this risk by balancing the repricing terms of interest-bearing assets and liabilities with fixed and floating interest and short-long term nature of borrowings as well as using derivative instruments for hedging purposes.

Fixed Interest Rate Financial Instruments	31 December 2021	31 December 2020
Financial Assets	61.318.852	57.133.167
Financial Liabilities	(670.756.210)	(458.868.538)
Floating Interest Rate Financial Instruments		
Financial Assets	237.118.133	91.091.816
Financial Liabilities	(1.621.093.677)	(867.163.721)

The Group's financial liabilities mainly consist of loans with maturities up to 1 year. The Group uses a portion of bank deposits as time deposits. The financial liabilities of the Group include short and long term borrowings and loans. Increase in interest rate will cause income reduction of the Group. This effect is measured by sensitivity analysis. As of 31 December 2021, in the case of 100 bps rise in the annual interests in TL, the negative impact on the Group's profit before tax before non-controlling interest is amounting to TL 19.934.129 (31 December 2020: TL 11.778.073).

As of 31 December 2021, in the case of 100 bps rise in the annual interests, with all other variables held constant, profit before tax would have been TL 6.094.374 (31 December 2020: TL 4.017.354 lower).

Credit Risk

Holding financial instruments has the risk of other party's in execution of liabilities resulting from agreement. Group's payment collection risk mostly arises from trade receivables. Trade receivables must be assessed in accordance with corporate policies and procedures for making net value of trade receivables after provision of doubtful receivables are classified. **(Note: 10)**

Group's credit risk is determined in the scope of determination of customer limits and is reported by limit determination committee which is composed of Group's key management. In accordance with the determination of the procedure, credit risk is confirmed by controlling and analyzing.

The Group has domestic and foreign receivable insurance policies related to receivables risk which are available to compensate the risk losses.

In addition to the global insurance policies, other guarantees are applied (mortgages, letters of guarantee, DDS etc.) for minimizing the receivable risk.

SARBUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in ("TL") unless otherwise indicated.)

CREDIT RISK DETAILS IN RESPECT OF FINANCIAL INSTRUMENT TYPES

As of 31 December 2021 and 2020, the exposure to types of financial instruments to credit risk is as follows:

31 December 2021

	Receivables						Bank Deposits	Notes
	Trade Receivables		Other Receivables		Notes			
	Related Party	Other	Related Party	Other				
Maximum exposure to credit risk as of reporting date (A+B+C+D)	7.045.913	2.690.826.172	-	117.613.619		356.846.351		
- Maximum risk, secured with guarantees	-	929.448.113	-	-	22	-	22	
A. Net book value of neither past due nor impaired financial assets	7.045.913	2.690.826.172	-	117.613.619	10-11	356.846.351	6	
B. Net book value of past due but not impaired financial assets	-	-	-	-	10-11	-	6	
- Secured with guarantees	-	-	-	-	10-11	-	6	
C. Net book value of impaired assets	-	-	-	-	10-11	-	6	
- Past due (gross amount)	-	122.945.144	-	-	10-11	-	6	
- Impairment (-)	-	(122.945.144)	-	-	10-11	-	6	
- Secured with guarantees	-	-	-	-	10-11	-	6	
- Undue (gross amount)	-	-	-	-	10-11	-	6	
- Impairment (-)	-	-	-	-	10-11	-	6	
- Secured with guarantees	-	-	-	-	10-11	-	6	
D. Off-balance sheet expected credit losses (-)	-	-	-	-	10-11	-	6	

31 December 2020

	Receivables						Bank Deposits	Notes
	Trade Receivables		Other Receivables		Notes			
	Related Party	Other	Related Party	Other				
Maximum exposure to credit risk as of reporting date (A+B+C+D)	2.997.739	1.266.625.959	-	81.987.632		194.955.586		
- Maximum risk, secured with guarantees	-	582.462.305	-	-	22	-	22	
A. Net book value of neither past due nor impaired financial assets	2.997.739	1.266.625.959	-	81.987.632	10-11	194.955.586	6	
B. Net book value of past due but not impaired financial assets	-	-	-	-	10-11	-	6	
- Secured with guarantees	-	-	-	-	10-11	-	6	
C. Net book value of impaired assets	-	-	-	-	10-11	-	6	
- Past due (gross amount)	-	89.109.949	-	-	10-11	-	6	
- Impairment (-)	-	(89.109.949)	-	-	10-11	-	6	
- Secured with guarantees	-	-	-	-	10-11	-	6	
- Undue (gross amount)	-	-	-	-	10-11	-	6	
- Impairment (-)	-	-	-	-	10-11	-	6	
- Secured with guarantees	-	-	-	-	10-11	-	6	
D. Off-balance sheet expected credit losses (-)	-	-	-	-	10-11	-	6	

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in ("TL") unless otherwise indicated.)

Liquidity Risk

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

Liquidity risk statements

Prudent liquidity risk management signifies maintaining sufficient cash, the utility of fund sources by sufficient credit transactions and the ability to close out market positions. The ability to fund existing and prospective debt requirements is managed by maintaining the availability of adequate and high quality lenders.

In order to manage liquidity risk, the Group's management makes certain that the maturity of receivables and payables are matched. In order to maintain short-term liquidity, the Group manages liquidity ratios (such as current ratio and acid-test ratio) through net working capital management and trying to keep through effective cash flow planning.

Undiscounted contractual cash flows of the derivative and non-derivative financial liabilities as of 31 December 2021 and 2020 are as follows:

31 December 2021

	Carrying Value	Total Contractual Cash Outflows	Demand or up to 3 months	3-12 months	1-5 years	5 years and over
Non-Derivative Financial Liabilities	3.468.107.591	3.521.997.798	1.600.449.106	1.108.584.343	812.541.791	422.558
Bank Borrowings	2.291.849.887	2.341.588.805	442.706.436	1.099.273.227	799.609.142	-
Finance Lease Payables	21.982.107	25.462.165	3.924.993	8.938.345	12.176.269	422.558
Lease Liabilities	1.011.716	1.253.408	124.257	372.771	756.380	-
Trade Payables	1.133.817.712	1.134.247.251	1.134.247.251	-	-	-
Other Payables	19.446.169	19.446.169	19.446.169	-	-	-
Derivative Instruments		Total Contractual Cash Outflows	Demand or up to 3 months	3-12 months	1-5 years	5 years and over
Cash Inflows	322.147.955	306.374.033	286.765.158	19.608.875	-	-
Cash Outflows	(316.486.210)	(301.965.572)	(282.428.172)	(19.537.400)	-	-
Derivative Instruments, Net	5.661.745	4.408.461	4.336.986	71.475	-	-

31 Aralık 2020

	Carrying Value	Total Contractual Cash Outflows	Demand or up to 3 months	3-12 months	1-5 years	5 years and over
Non-Derivative Financial Liabilities	1.888.209.323	1.911.434.607	685.434.046	793.580.764	432.106.597	313.200
Bank Borrowings	1.326.032.259	1.347.209.416	141.220.937	787.502.662	418.485.817	-
Finance Lease Payables	18.261.747	19.173.480	1.858.127	5.574.381	11.740.972	-
Lease Liabilities	1.889.678	2.872.856	176.127	503.721	1.879.808	313.200
Trade Payables	514.177.263	514.330.479	514.330.479	-	-	-
Other Payables	27.848.376	27.848.376	27.848.376	-	-	-
Derivative Instruments		Total Contractual Cash Outflows	Demand or up to 3 months	3-12 months	1-5 years	5 years and over
Cash Inflows	259.866.073	264.650.844	226.854.315	37.796.529	-	-
Cash Outflows	(245.734.148)	(243.476.151)	(206.139.161)	(37.336.990)	-	-
Derivative Instruments, Net	14.131.925	21.174.693	20.715.154	459.539	-	-

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

(Amounts are expressed in ("TL") unless otherwise indicated.)

*Other Risks*Raw Materials Price Change Risk

A significant portion of Group's cost is copper price, its price is variable and determined by world's markets. Group's aim to balance to price and maturity models to harmony for the goods which are purchased and sold in order to hedging price change risks. Long term customers price fixing demands apart from these models are managed by hedging transactions.

Not only copper hedging transactions but also stannum, nickel and aluminium and other metals which are faced to price change risk in costs hedging transactions are made accordingly.

Equity Securities, etc. Risks Related Financial Instruments

The Group does not have any securities and similar financial assets sensitive to changes in fair value.

Operational Risks

Starting from raw material supplies, production, sales and after-sales are evaluated in a comprehensive manner. All strategic, operational, financial and other elements that are considered to constitute a risk for the Group to achieve its short and long term targets are evaluated at all levels of the organization, starting from the level of the Board of Directors.

In this context, Early Detection of Risk Committee is maintain its operations to determine, evaluate, manage and report strategic, financial, operational risks which are affect the Group taking into consediration the decision mechanism in order to advicing and making suggestion to Board of Directors.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in ("TL") unless otherwise indicated.)

NOTE 39 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING)

31.12.2021	Notes	Other Financial Assets Measured at Amortized Costs	Loans and Receivables	Financial Assets Available for Sale
Financial Assets		362.539.956	2.697.872.085	-
Cash and Cash Equivalents	6	356.878.211	-	-
Trade Receivables	10	-	2.697.872.085	-
Financial Investments	7	-	-	-
Derivative Instruments	14	5.661.745	-	-
Financial Liabilities		2.716.331.128	1.133.817.712	-
Financial Payables	8	2.716.331.128	-	-
Trade Payables	10	-	1.133.817.712	-
Other Financial Liabilities	9	-	-	-
Derivative Instruments	14	-	-	-
31.12.2020				
Financial Assets		209.114.810	1.269.623.698	-
Cash and Cash Equivalents	6	194.982.885	-	-
Trade Receivables	10	-	1.269.623.698	-
Financial Investments	7	-	-	-
Derivative Instruments	14	14.131.925	-	-
Financial Liabilities		1.470.933.739	514.177.263	-
Financial Payables	8	1.470.933.739	-	-
Trade Payables	10	-	514.177.263	-
Other Financial Liabilities	9	-	-	-
Derivative Instruments	14	-	-	-

Financial Assets Measured at Fair Value Through Profit or Loss	Other Financial Liabilities Measured at Amortized Costs	Book Value	Fair Value
1.163.376	-	3.061.575.417	3.061.575.417
-	-	356.878.211	356.878.211
-	-	2.697.872.085	2.697.872.085
1.163.376	-	1.163.376	1.163.376
-	-	5.661.745	5.661.745
-	-	3.850.148.840	3.850.148.840
-	-	2.716.331.128	2.716.331.128
-	-	1.133.817.712	1.133.817.712
-	-	-	-
-	-	-	-
757.726	-	1.479.496.234	1.479.496.234
-	-	194.982.885	194.982.885
-	-	1.269.623.698	1.269.623.698
757.726	-	757.726	757.726
-	-	14.131.925	14.131.925
-	-	1.985.111.002	1.985.111.002
-	-	1.470.933.739	1.470.933.739
-	-	514.177.263	514.177.263
-	-	-	-
-	-	-	-

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in ("TL") unless otherwise indicated.)

The fair value of financial instruments is considered to approximate their carrying values.

Financial Risk Management

The Group is exposed to variety of financial risks due to its operations. These risks include credit risk, market risk (foreign exchange risk, interest rate risk, commodity price risk) and liquidity risk. The Group's overall risk management strategy focuses on the unpredictability of financial markets and targets to minimise potential adverse effects on the Group's financial performance.

In order to mitigate the effects of these risks and to hedge against financial risks, the Group uses forward foreign exchange contracts as derivative instruments.

31.12.2021	Level 1	Level 2	Level 3	Total
Financial Assets	681.347	-	482.029	1.163.376
<i>Financial Assets at Fair Value Through Profit or Loss</i>	681.347	-	482.029	1.163.376
<i>Financial Assets Available for Sale</i>	-	-	-	-
Derivative Instruments	-	5.661.745	-	5.661.745
<i>Other Financial Assets/Liabilities at Amortized Cost (Net)</i>	-	5.661.745	-	5.661.745

The classification of the Group's financial assets and liabilities at fair value is as follows:

Level 1: Quoted prices (unadjusted) 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 (that is, as prices) or indirectly (that is, derived from prices);

Level 3: Inputs for the asset or liability that are not based on observable market data.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in ("TL") unless otherwise indicated.)

NOTE 40 - EVENTS AFTER THE BALANCE SHEET DATE

None.

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

None.

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