



**THE POWER THAT ENLIGHTENS
THE WORLD FOR HALF
A CENTURY...**



sarkuysan

Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

SARKUYSAN ANNUAL REPORT 2022

AGENDA

The Ordinary General Assembly Meeting will be held at the Company Headquarters (Emek Mah. Aşıroğlu Cad. No: 147, 41700 Darıca/Kocaeli) at 2:30 PM on April 7, 2023.

1. Opening and establishing the Chairmanship of the Meeting,
2. Giving authorization 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 2022,
4. Reading the Independent Audit Report for the fiscal period of 2022,
5. Reading, discussing and approval of the Consolidated Financial statements for 2022,
6. Acquitting the Members of the Board for the operations of our Company in 2022,
7. Discussing and deciding on how the term profits for 2022 shall be used, the percentages of profits and dividend shares to be distributed and the dates of distribution,
8. Providing information to the shareholders on the bonds, securities and mortgages given by the Company in favor of the third parties,
9. Providing information to the shareholders about donations and aids granted by our Company in 2022 for social relief as per the regulations of the Capital Markets Board and determining an upper limit for the donations and aids to be granted in 2023,
10. 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
11. Approving MGI Bağımsız Denetim Hizmetleri A.Ş. which has been elected to conduct independent audits in our company for a period of one year by the Board of Directors as per the provisions of the Capital Markets Code and Turkish Commercial Code,
12. Providing information to the General Assembly regarding the transactions carried out by the "Associated Parties" as per the regulations of the Capital Markets Board,
13. Electing and determining the terms of office for the Members of the Board, including the Independent Members of the Board, as per the regulations of the Capital Markets Board
14. Determining the monthly gross salaries and attendance fees for the Members of the Board,
15. Giving authorization to the Members of the Board of Directors to carry out transactions in accordance with the articles 395 and 396 of the Turkish Commercial Code and the regulations of the Capital Markets Board,
16. Wishes and closing.

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**As a global company
in the electrolytic copper
industry, each year,
we have been sustaining our
increasing performance in all
our operational processes
with the respect and
responsibility towards
the environment and our
society for half a century.**

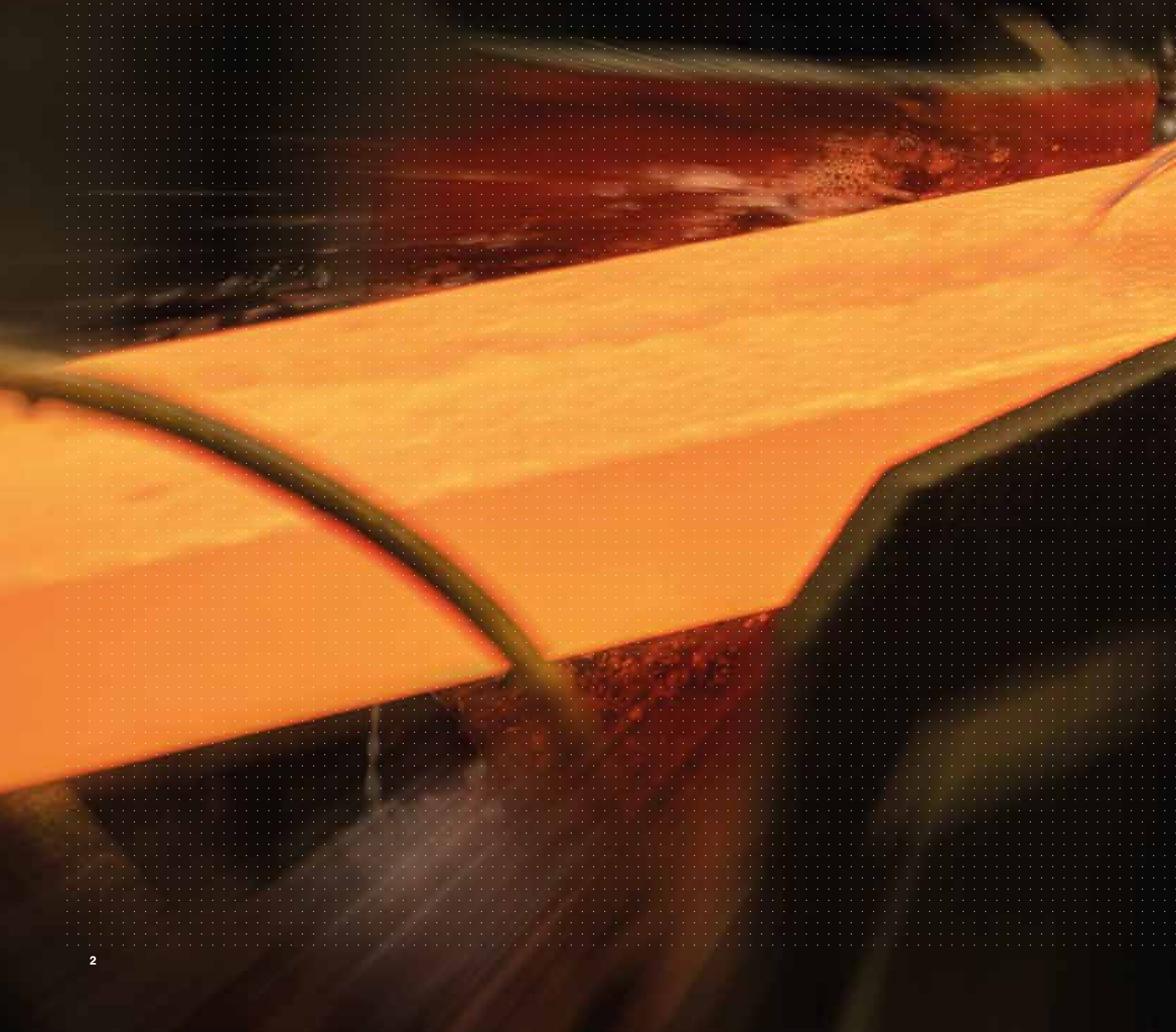
THE SARKUYSAN IDENTITY

Company Name: Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.	Founded on: 03.05.1972
Upper Limit of the Registered Capital: TL 600,000,000	Issued Capital: TL 400,000,000
Commercial Registry No.: 13898	Mersis No: 0751001576100014
Commercially Registered to: Gebze Commercial Registry Office	Address: Emek Mah. Aşiroğlu Cad. No: 147, 41700 Darıca/Kocaeli
Phone: +90 (262) 676 66 00 (20 lines)	Faks: +90 (262) 676 66 80
E-Mail: info@sarkuysan.com	Website: www.sarkuysan.com



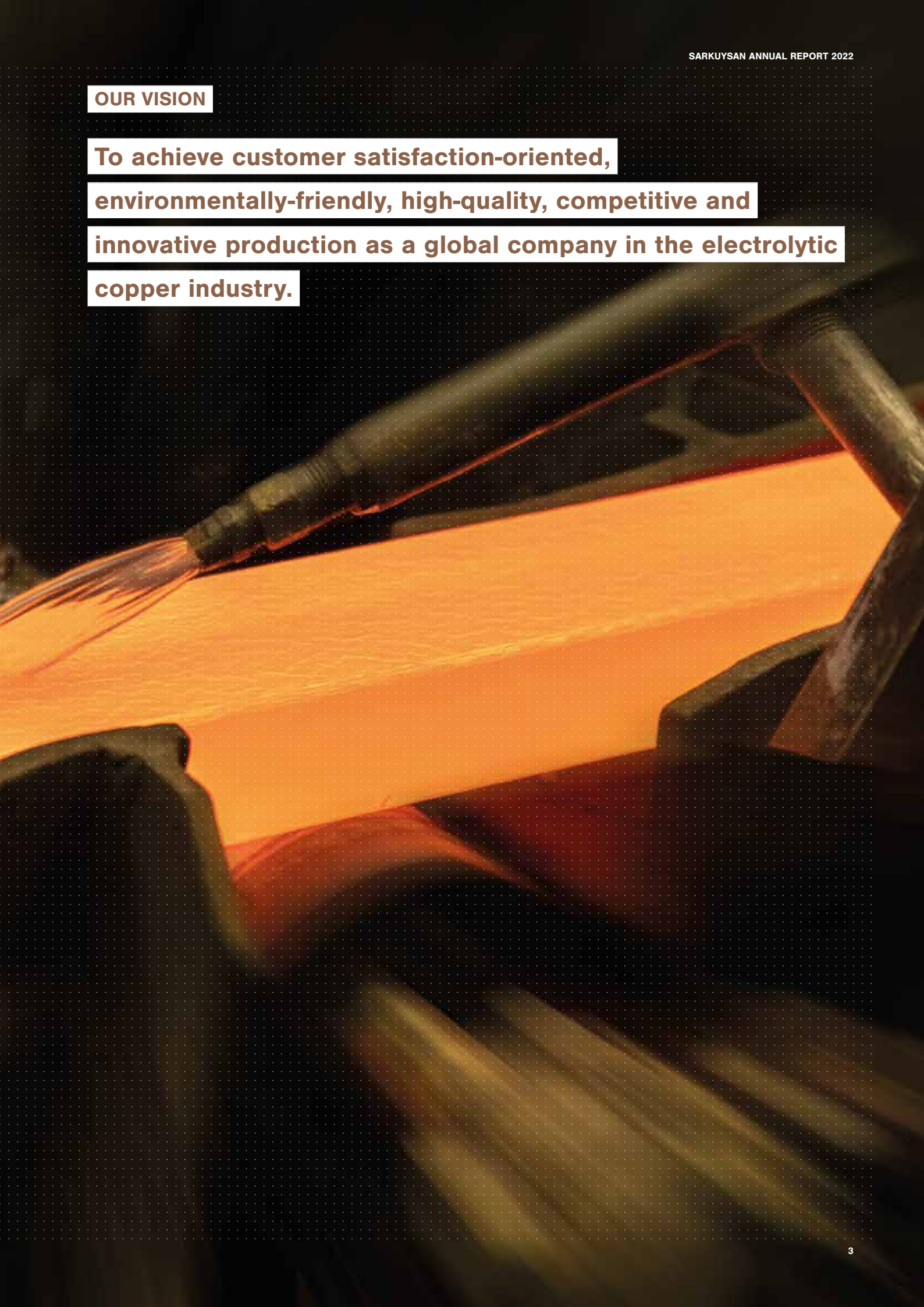
OUR MISSION

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

The Company, which produces electrolytic copper products, copper tube and copper busbars, has increased its initial capacity of 10,000 tons/year to over 200,000 tons/year and became a global company.



CİHAN BEKTAŞ
(1928-2002)

The Company has a significant place in the country's industrialization 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 Darica regions, with an indoor area of approximately 90,000 m², increased its initial capacity of 10,000 tons/year to over 200,000 tons/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, defense, 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.

Sarmakina 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 organization 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.

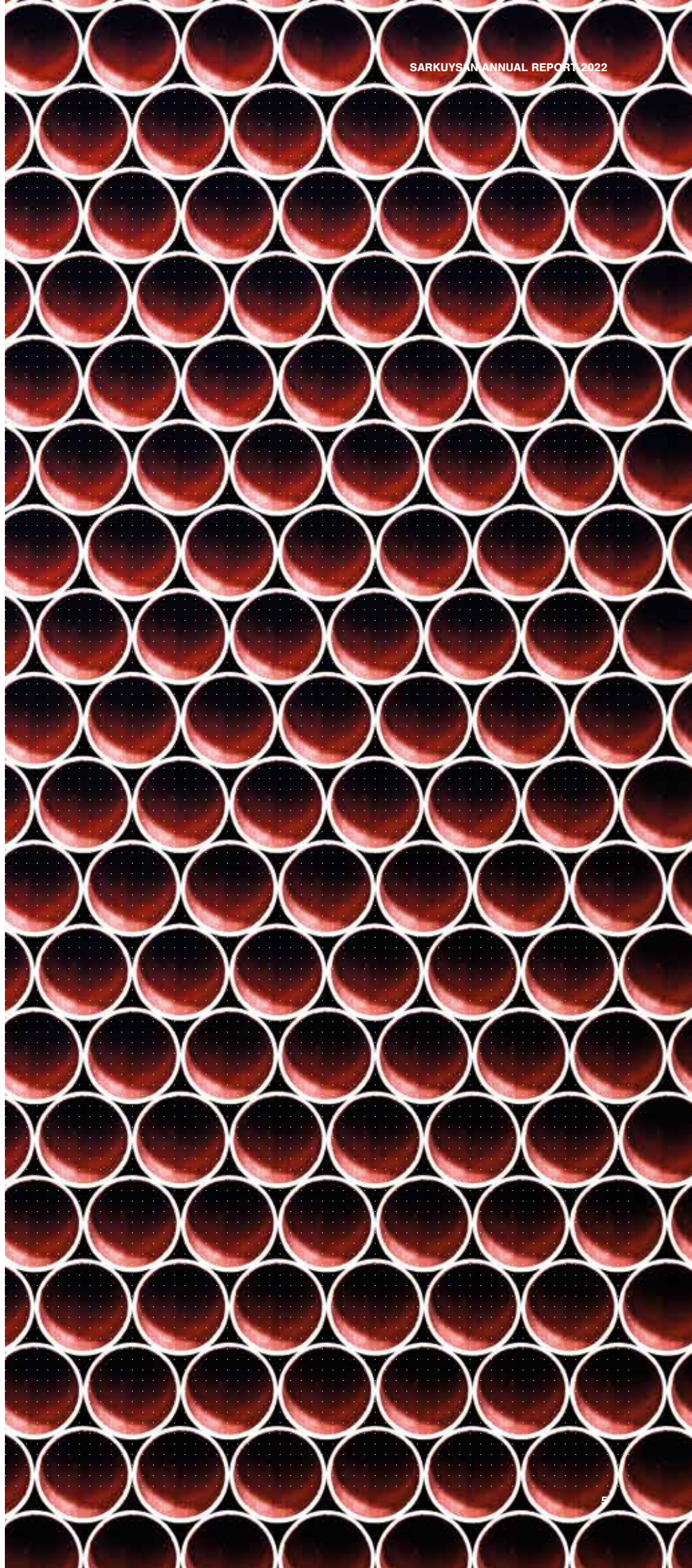
Having approximately 1,218 employees in total, approximately 90% of the personnel of the group of companies working in the production units have either vocational school or high school degrees, and they are provided in-house and outsourced training programs every year.

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 16,000 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 colors 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 organization governed by professionals.



MILESTONES

Throughout its history that covers half a century, our Company has developed new technologies and processes to meet the evolving needs of its customers and helped the industries and economies evolve with its products.



1972

› Sarkuysan founded with the guidance of goldsmiths and jewelers at Kapalıçarşı (the Grand Bazaar), an important commercial center in Istanbul, Turkey.

1975

› Our Company achieves its first batch of electrolytic copper cathodes production used as a raw material in the production of copper products.

1978

› Tin plated wire production begins to expand our product portfolio.



1979

› Sarda Dağıtım ve Tic. A.Ş. and Bektaş Bakır Emaye Kablo San. ve Tic. A.Ş. founded. › The capacity of anode casting workshop increased to meet the demands of our customers.



1980

› The first export to Europe of copper bars achieved.



1991

› Sar Makina San. ve Tic. A.Ş. founded.

1986

› The Company listed in the Stock Exchange for the first time. › Sarkuysan High School opens and begins its activities. › Sarkuysan Sports Club founded.

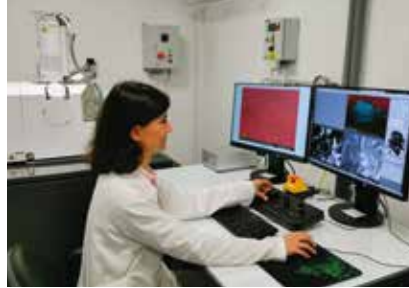
1990

› Our R&D Center put into operation. › Multi-wire production begins to offer a wider range of products to our customers.



1987

› Southwire casting plant established to produce higher-quality copper bars more efficiently.



1993

› Sarkuysan Mosque opened.



1996

› Our company commissions the production information system, a significant step in digital transformation and modernization efforts.



MILESTONES

Offering high-quality copper products to its customers worldwide in the copper industry for 50 years proves the commitment of our Company to excellence as well as its ability to adapt and thrive in a competitive market.



2002

> Sark-USA established to distribute and sell our products in North America.

1997

> The cogeneration plant, a significant investment in the energy infrastructure and sustainability efforts of our company, established.

2001

> Sarkuysan Italia, a significant step for our company to enter the European market, established.



1998

> Contirod casting plant, which plays an important role in increasing our copper bar production capacity, established. > Production of tubes and nickel-plated wires initiated.



2008

> Our company establishes the Sark-Wire Albany facility to serve its customers better in North America and to offer shorter delivery times.

2009

› Sarkuysan Elementary School opens and begins its activities.



2014

› Production of PV ribbon wires, which is an important raw material for solar energy systems, begins.



2016

› Sark Bulgaria founded. › SAP/ERP system put into use. › The merger process with Bemka Kupferlackdraht GMBH completed.



2018

› Our company entitled to get the "R&D Center License" granted by the Ministry of Industry and Technology.



2015

› Our company establishes the Sark-Wire Georgia factory as part of its growth strategy in the global copper market. › Nitrogen production plant established and put into operation.



2019

› Sark Bulgaria begins production of copper and copper alloy products.



PRESIDENT'S MESSAGE

Our company has reached a strong position as the leader of the industry in Turkey as well as becoming a prestigious and recognized company worldwide. Today, the “Sarkuysan Family” is composed of seven companies in Turkey and abroad.

The fiscal period of 2022, which constitutes the basis for our meeting today, was also a very special period, as it was the 50th anniversary of our company. Despite several challenges endured in the past half a century, we are very proud and pleased to celebrate our 50th anniversary of establishment and 47th anniversary of beginning production as a global organization, and I would like to greet you all with respect. Welcome to our general assembly.

Pioneering the innovations in the industry while being a public aggregate with its professional management structure, our company has reached a strong position as the leader of the industry in Turkey as well as becoming a prestigious and recognized company worldwide. Today, the “**Sarkuysan Family**” is composed of seven companies in Turkey and abroad.

Our company has adopted a production-, employment- and growth-oriented strategy with dynamic and proactive policies that prioritize creating value and respecting the laws, partners, employees, industrial democracy, the environment and society with the awareness on social responsibility since our establishment.

Having a consistent growth trend nationwide and abroad, our family's superior and outstanding ties, such as integrity, hard work and creativity, are the key to our future achievements. I would like to take this opportunity to express once again my gratitude that we have received the greatest support from our esteemed shareholders, as well as our employees, in this 50-year long development trend. We consider ourselves lucky that we have a strong shareholder structure that motivates and supports our management in any case, and we bear the responsibility of being worthy of this trust.

Dear Shareholders;

I would like to summarize the significant developments in the Global and Turkish Economy in 2022.

The global economic growth trend, which revived following the normalization period once the Covid pandemic became more manageable in the first quarter of 2022, presented a downward trend as of the third quarter of the year.

Governmental supports, loose monetary policies, increased liquidity and supply problems during the pandemic resulted in the overall prices to get higher at the global level. The Russia-Ukraine War, which broke out at the beginning of 2022, has also been a serious threat to the recovering global economy. The war has deepened the supply chain problems, and caused historical peaks particularly in global food and energy

prices. Reaching record-breaking levels due to the war, energy prices resulted in all countries with energy deficit, particularly the European economies, to end up with high inflation and energy restrictions.

Due to the increasing inflationary developments, developed countries, i.e., USA, Canada, UK and Australia in particular, as well as the EU, lately, increased their interest rates. This trend is considered as paving the path for the expectations of a global recession in the upcoming period and highlights a noticeable weakening in economic activity. On the other hand, it is not that clear to what extent tight monetary policies will restrain global inflation due to supply-related problems. As a matter of fact, the latest data reveal that inflation has decreased to a limited extent at the global level.

Under these circumstances, the global economy, which grew by 6.0% in 2021 and 3.4% in 2022 with a relatively slowing outlook, is expected to continue to slow down to 2.7% in 2023.

The global inflation is expected to decrease from 8.8% in 2022 to 6.6% in 2023.



HAYRETTİN ÇAYCI
President



PRESIDENT'S MESSAGE

Prioritizing quality, innovation and sustainability as well as having earned a reputation as a reliable supplier of copper products, our company owes these achievements to its talented, skilled and dedicated workforce.

In the US, the growth rates in 2022 and 2023 are anticipated to be 2.1% and 1.4%, respectively, while the growth rates in the Eurozone are predicted to be 3.5% and 0.7% in 2022 and 2023, respectively. As it is obvious, the average growth rate for the developed countries is expected to decrease from 2.4% in 2022 to 1.2% in 2023. The related rates in other prominent economies are 3%, 6.8% and -2.1% in 2022 in China, India and Russia, respectively, while they are expected to be 4.4%, 6.1% and 0.3% in 2023.

If we come to the situation in Turkey, 2022 has also been a challenging year for the Turkish economy due to the adverse global and local circumstances.

I would like to briefly remind the macroeconomic figures in the given year. GDP was US\$ 865 billion (TL 15.6 trillion), growth was 5.6%, consumer inflation was 64% and unemployment rate was 10.5%. The central government budget deficit shrank compared to the previous year and became TL 139.1 billion. As of the end of 2022, the current account deficit was US\$ 48.7 billion and the Current Account Deficit/GDP ratio was 5.6%. While exportation increased by 12.9% to US\$ 254.2 billion, importation increased by 34.3% to US\$ 364.4 billion. An increase of 41.77% and 32.92% was endured in the US dollar and Euro.

The optimistic budget forecasts and macroeconomic figure predictions stated prior to the new year, the additional burdens of the widespread Kahramanmaraş-centered earthquake occurred on February 6, as well as the possibility of relatively less supervision over expenditures due to the fact that that 2023 is an election year seem to result in some compulsory revisions in the economic macro realization forecasts within the year. The 2.7% growth rate forecast of the World Bank for Turkey in 2023 may result in significant deviations in line with the economy policies to be followed by the political actors in the picture following the election, besides the adverse outcomes of the earthquakes occurred.

Dear Shareholders,

Our company followed a very careful and cautious policy in the economic climate of 2022. Our company has taken the necessary actions swiftly by interpreting the emerging internal and external circumstances thanks to our company's half a century of experience in the industry. Thus, our foreign market share and number of customers increased. The capacity utilizations of our production plants in the USA and Bulgaria were increased as well. The outcomes of accurate interpreting of the developments in the financial markets reflected positively on our balance sheet.

This new year also poses a risk for the economic structure in Turkey. These risks shall be completely eliminated via structural economic practices instead of temporary solutions that deepen the problems in the long run.

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

As in previous years, we were granted the grand prize by the **"Iron and Non-Ferrous Metals Exporters' Association"** in the categories of **"Metallic Stars of Exportation"** and **"Leaders of Exportation in the Industry"**. Furthermore, our company was awarded in the category of top exporters in the "Award Ceremony for Those Who Add Value to Kocaeli, the Industry and Technology Center", which was organized by the Governorate of Kocaeli, Kocaeli Metropolitan Municipality, Kocaeli Chamber of Industry and Bilişim Vadisi Technology Development Zone under the coordination of the Ministry of Industry and Technology and attended by President Recep Tayyip Erdoğan and relevant ministers. Our CEO & Managing Director Sevgür Arslanpay was granted the award by the President of Turkish Republic.

We continue to create social values in education, healthcare, arts and sports with the awareness of social responsibility.

So far, 707 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 honors and to under-privileged students from the fund created with the voluntary contributions of our employees. We still have 233 students benefiting from our grants.

We sustained our 29-year of tradition this year and transferred our promotions budget to the healthcare industry. In this regard, we donated a dental unit to Darica Oral and Dental Health Center operating under Darica District Governorate.

Coming to sports, our Men's Table Tennis Team competing in the professional league continues to get successful results.

Our Turkish Music Choir gave a successful concert to open to public as part of the **"29th Istanbul Turkish Music Festival"** to celebrate the 50th anniversary of our establishment and the 47th anniversary of launching production.

As you all know, we built an **"Elementary School"** in Darica and an **"Anatolian High School"** in Gebze, and donated to the Ministry of National Education. Celebrating our 50th anniversary, we have decided to build a **"Vocational Technical School"** to provide two years of higher education following the high school. We carry on our activities regarding the issue.

Following the devastating earthquake disasters that occurred on February 6, 2023 and affected 11 provinces, our company and our employees donated cash and in-kind support for the people affected by the earthquakes through various means. In this regard, I would like to mention that our thoughts and prayers are with those who lost their lives in this devastating disaster and we hope the injured get well soon. I would also like to express my most sincere condolences to their loved ones and all our nation.

Our Company achieved a consolidated gross profit of TL 1,424,642,623 from its operations carried out in 2022 according to the official bookkeeping entries.

Dear Shareholders; 2023 is a very precious year that we will be celebrating the centenary of our Republic. We have great enthusiasm and are proud of our determination and faith in focusing the contemporary goals in every field in unity and solidarity with the lessons we get from our experiences of a century. Despite the severe poverty and deprivation in the beginning of our Republic, we achieved miraculous successes in agriculture, industry, education and in every field. Hence, we have to work much harder and devotedly in order for our Republic to rise above the level of contemporary civilizations in our second century. I am more than happy and proud to state that the Sarkuysan Family welcomes the centenary of our Republic by evolving into a global organization

thanks to our efforts and devotions in aware of its responsibilities. We believe that our family will always be present and proud in celebrating every anniversary of our Republic. I would like to take this opportunity to commemorate our beloved founder of the Republic of Turkey and his fellow soldiers with respect and longing, who illuminated the path for our nation, which he created from the ashes of a collapsed empire, on October 29, 1923, and who made our country an honorable member of the contemporary civilizations with his revolutions.

As I conclude my words, I hope our General Assembly has the best outcome for our company and our country. I also would like to thank our employees at all levels, particularly the members of our Board, for their diligent and successful efforts throughout this financial year. May this be a healthy and happy new financial term for all our organizations and employees. Hence, I would also like to remember all the members of our family, especially our founding partner Cihan Bektaş, who passed away with respect. May God rest their souls.

HAYRETTİN ÇAYCI
President



BOARD OF DIRECTORS



HAYRETTİN ÇAYCI

President

29.06.2020



HAMİT MÜCELLİT

Vice President

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
15.04.2022

**VİRMA SÖKMEN**

Independent Member of Board
15.04.2022

**MEHMET BAHTİYAR**

Independent Member of Board
15.04.2022

AUTHORIZATIONS**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 resolution of the Ordinary General Assembly meeting held on 29.06.2020, the term of duty for the members of the Board was decided to be three years, and in accordance with the decision made in the Ordinary General Assembly meeting held on 15.04.2022, the term of duty for the Independent Members of the Board was decided to be one year.

**İLFETA AKSOY**

Independent Member of Board
15.04.2022

**MEHMET ALİ YILDIRIMTÜRK**

Independent Member of Board
15.04.2022



SENIOR MANAGEMENT



METİN YARAŞ

Deputy Managing Director
(Commercial)

TOLGA EDİZ

Deputy Managing Director
(Technical)

SEVGÜR ARSLANPAY

CEO & Managing Director

ÜMİT ULUÇAM

Deputy Managing Director
(Financial)

SENIOR MANAGEMENT

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	Enameled Wire Production Manager-Electronics Engineer
Şefiye DURMAZ YAYLA	Commercial Accounting Manager-Business Administrator (CAFA)
Mehmet Uğur ILGAZ(1)	End Products Manager-Metallurgical Engineer, MSc.
Murat DEMİR	End Products Unit 1-Mechanical Engineer
Ramazan Barış DOĞAN	End Products Unit 2-Metallurgical Engineer
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 SELVI	Continuous Casting Manager-Metallurgical Engineer
Yaşar SÖNMEZ	Construction Works Manager-Civil Engineer
Filiz TEKİN SALMANLI	IT Systems Manager-Industrial Engineer
Tayfur SELÇİN(2)	Internal Auditing Manager-Business Administrator
Mete TARHAN	Tube Plant Manager-Mechanical Engineer
Ferhan TURNAGİL	Cost Accounting Manager-Business Administrator (CAFA)
Ercan USER	Domestic Marketing Manager-Marketing Expert
I. Deniz UZGAN	Financing and Risk Management Manager-Economist
Emin YÜKSEL	Human Resources Manager-Educational Sciences
M. Mahir YILDIZ	International Marketing Manager-Foreign Trade Expert (Mathematician)

(1) Mr. Mehmet Uğur ILGAZ, End Products Manager, resigned from his position in our Company on September 17, 2022. (2) Mr. Tayfur SELÇİN, Internal Auditing Manager, resigned from his position in our Company on November 11, 2022.



SEVGÜR ARSLANPAY
CEO & Managing Director

We are celebrating our 50th anniversary with great enthusiasm, with the joy of being a large family and becoming a global organization.

This year, we are also celebrating the centenary of our Republic, which is a very special and precious year for our Nation. We are proud of our Republic, which has grown, become well-established and left a century behind despite many challenges.

The Sarkuysan Family puts all its efforts and endeavors devotedly to assume its responsibility in rising above the level of contemporary civilizations, as pointed out by the Veteran Mustafa Kemal Atatürk.

We commemorate Atatürk, the savior of our homeland and the founder of our Republic, and all our martyrs, who passed away to eternity, with love and respect.

Long Live the Republic!

SEVGÜR ARSLANPAY
CEO & Managing Director



CAPITAL STRUCTURE

Whilst the closing price of our stocks on Borsa Istanbul was listed 19.80 TL on 31.12.2021; as of 31.12.2022, the price was 31.62 TL by an increase of 59.70%.

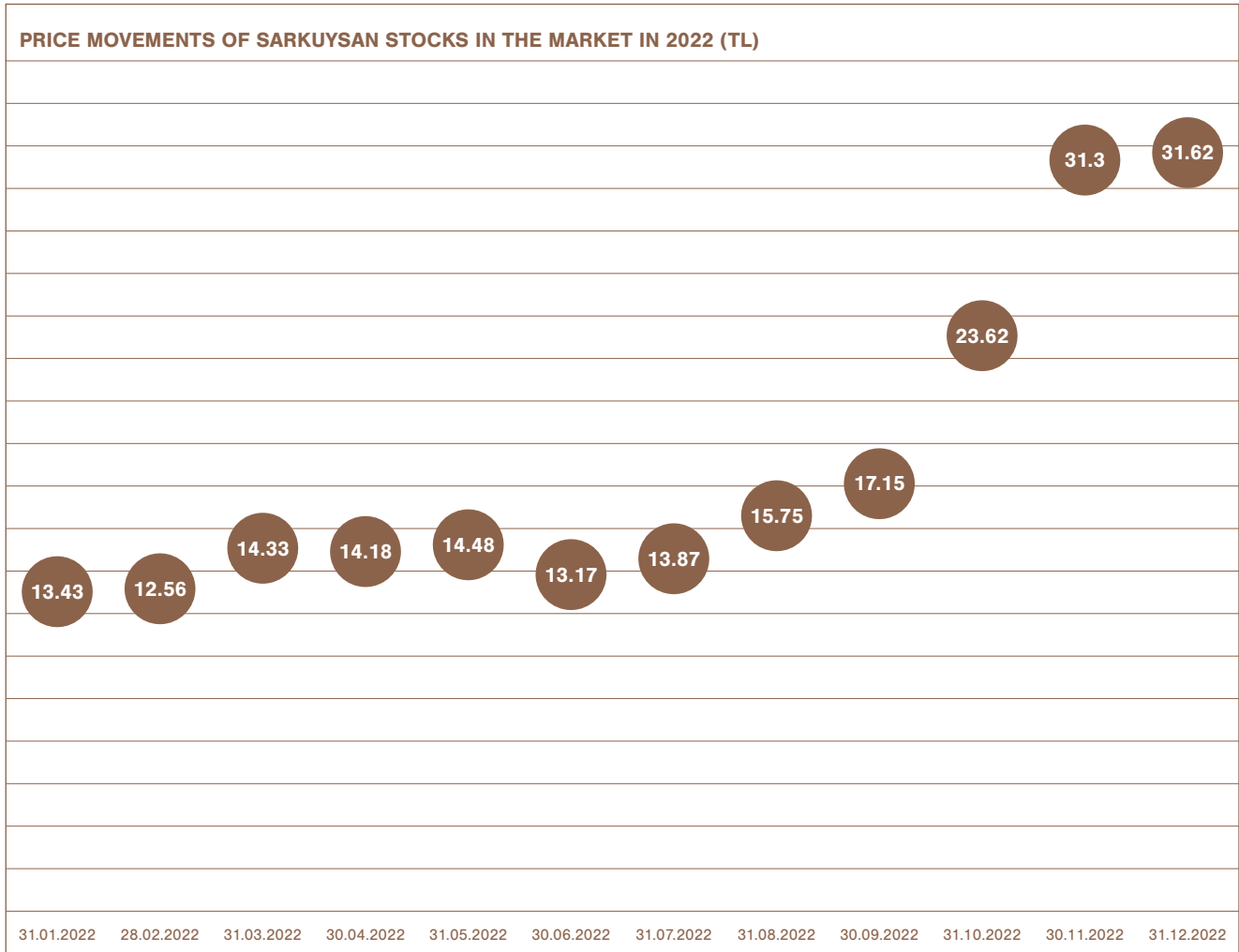
Whilst the closing price of our stocks on Borsa İstanbul was listed 19.80 TL on 31.12.2021; as of 31.12.2022, the price was 31.62 TL by an increase of 59.70%.

With the resolution of the Board of Directors dated 10.05.2022, and approval of the Capital Markets Board dated 10.06.2022 and numbered E-29833736-105.01.01.01-22616, the registered capital of our Company was increased by 33.3333333334% from TL 300,000,000 to TL 400,000,000.

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 31.12.2022, Mr. Hayrettin ÇAYCI, Mr. A. Hamdi BEKTAŞ, and Mr. Cenap TAŞKIN, Members of the Board, have 9.51%, 2.98%, and 2.34% of the capital share, respectively. The shares of other Members of the Board are less than the aforementioned shares. Mr. Şükrü KİLİMCİ and Mr. İbrahim KİLİMCİ hold the highest number of shares of the company with 7.50% and 5% of our capital, respectively.

The percentage of shares of the company in actual circulation was 83.16% on 31.12.2022 and 81.89% on 31.12.2022.



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	20.00	2,000	0.000005
Group B Registered Shares	399,999,980.00	39,999,998,000	99.999995
Total	400,000,000.00	40,000,000,000	100.00000

RESULTS OF 5-YEAR-LONG ACTIVITIES (thousand TL)					
	2018	2019	2020	2021	2022
Registered Capital	300,000	300,000	300,000	600,000	600,000
Issued Capital	200,000	200,000	300,000	300,000	400,000
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	295,732	295,732	395,732
Capital Increase (%)	-	-	50	-	33.3333334
Stock Price (TL) (As of the end of the year)	3.41	3.18	8.70	19.80	31.62
Addition of Fixed Assets Over the Year	9,842	16,540	8,956	30,500	47,376
Total Amount of Dividends Distributed (Gross)	34,000	50,000	18,900	75,000	100,000
Total Amount of Dividends Distributed (Net)	28,900	42,500	16,065	63,750	85,000
Dividend Rate (Gross) (%)	17	25	9.45	25	30
Dividend Rate (Net) (%)	14.45	21.25	8.0325	21.25	27

GENERAL INFORMATION

**In the fiscal period of 2022,
we distributed 30.00% gross, 27.00%
net cash dividend and 33.3333334%
dividend in the form of shares to our
shareholders from the 2021 profit.**

This report herein covers the period between 01.01.2022 and 31.12.2022. 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 2021 activities of the Company was held on 15.04.2022 at the Company Headquarters. In this meeting, shares composing 72.64% 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.

With the resolution of the Board of Directors dated 27.01.2022 and numbered 1647/22.02, it was decided to submit the amendment text to the article 8, titled "Board of Directors", of our Articles of Association, to the General Assembly regarding an amendment in the number of Members of the Board of Directors in order to be able to adapt the group changes, in accordance with the provisions of the Turkish Commercial Code No. 6102 and the Capital Market Law No. 6362. The required application related to this resolution was submitted to the Capital Markets Board on 11.02.2022.

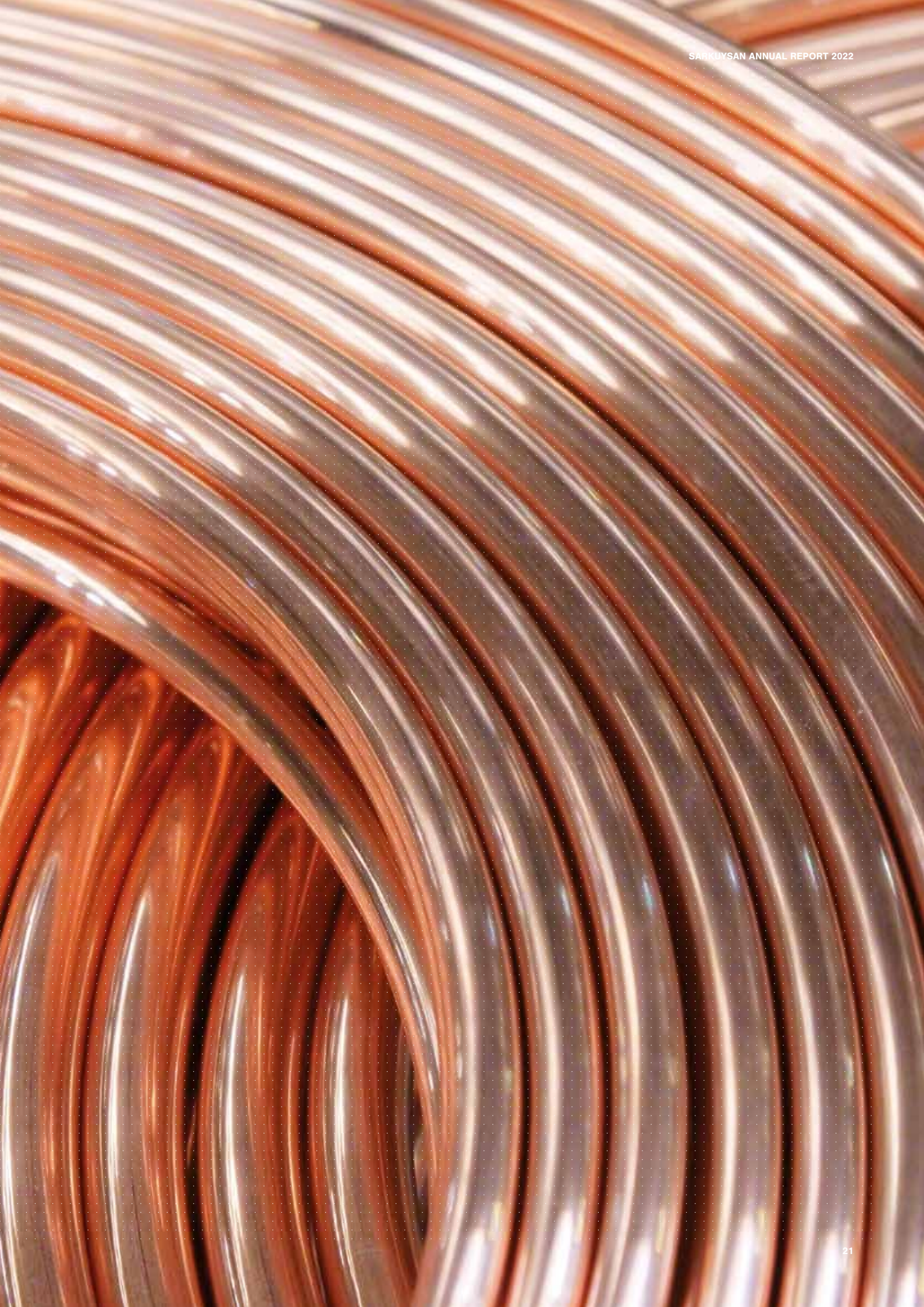
Our application regarding the amendment of Article 8 of the Articles of Association of our Company, titled "Board of Directors", was approved by the Capital Markets Board's letter dated 04.03.2022 and numbered

E-29833736-110.03.03-18138; hence, the number of Independent Members of the Board of our Company was increased to five.

As a result of the election held in our General Assembly dated 15.04.2022, Mr. Ayhan ZEYTINGLU, Mr. Mehmet BAHTIYAR, Ms. Virma SOKMEN, Mr. Mehmet Ali YILDIRIMTURK and Ms. Ilfeta AKSOY were elected as Independent Members of the Board to serve for 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 15.04.2022.

In the fiscal period of 2022, we distributed 30.00% gross, 27.00% net cash dividend and 33.3333334% dividend in the form of shares to our shareholders from the 2021 profit. In this case, the net 0.27 TL cash dividend was paid to share certificates with a nominal value of 1 (one) TL. The dividend was distributed on 28.04.2022. In addition, the dividend distribution process in the form of shares of TL 100,000,000 at a rate of 33.3333334% from the profit of 2021 was completed on 16.06.2022.



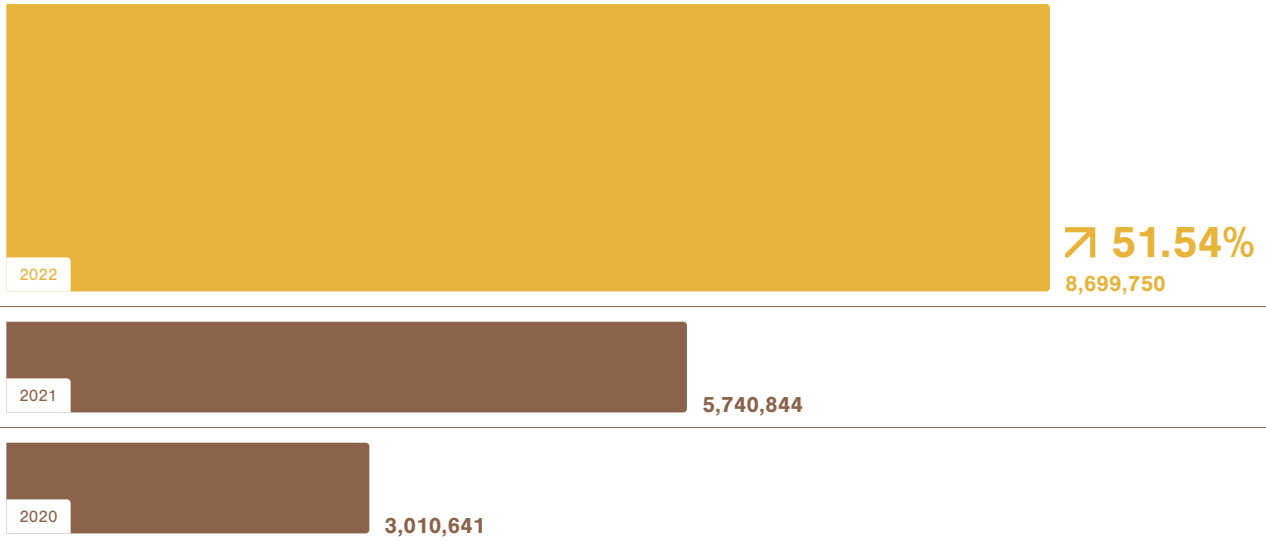
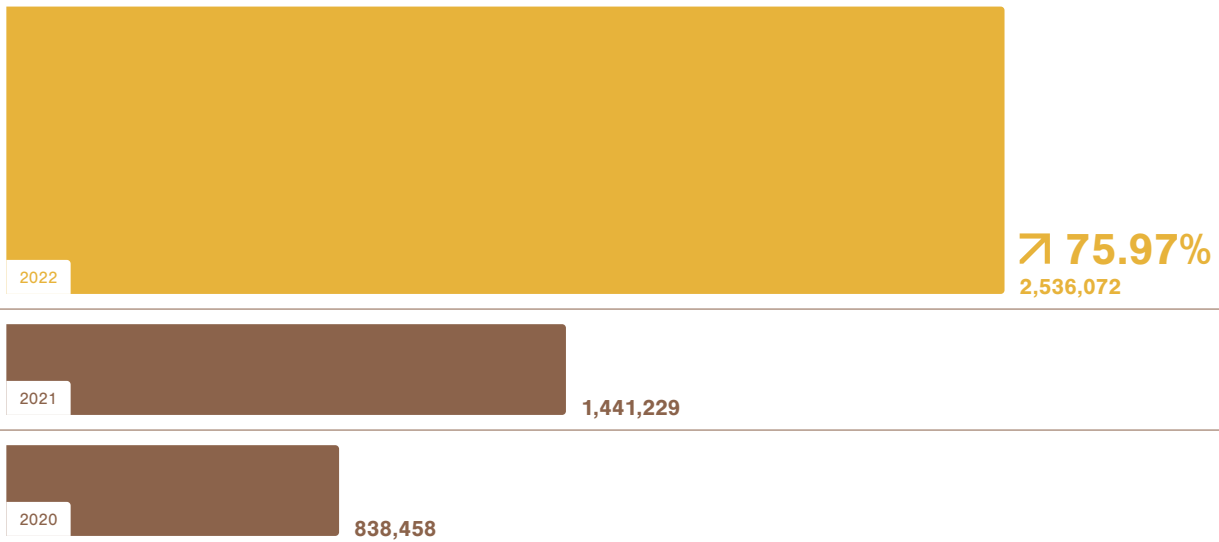
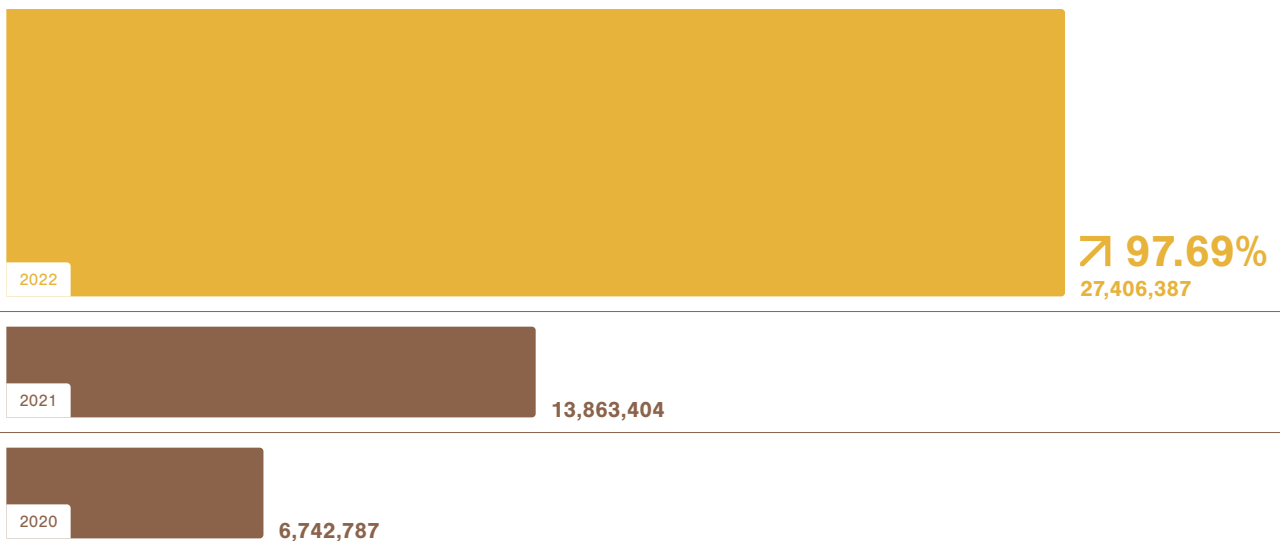


FINANCIAL STATUS

Our Company maintained its strong financial structure thanks to the successful risk management and timely financial measures despite the current raw material prices on the international markets, as well as the economic conditions and currency fluctuations.

FINANCIAL RATIOS		
	2021	2022
Liquidity Ratios		
Current Ratio (Current Assets/Short Term Liabilities)	1.44	1.36
Acid Test Ratio (Current Assets-Inventory/Short Term Liabilities)	0.96	0.87
Operational Efficiency Ratios		
Asset Turnover (Net Sales/Total Assets)	2.41	3.15
Account Receivable Turnover (Net Sales/Short-Term Trade Receivables)	5.14	7.75
Inventory Turnover (Cost of Goods Sold/Inventories)	7.72	9.68
Accounts Receivable Collection Period (360/Account Receivables Turnover Rate) (Days)	70	46
Term of Inventory Sales (360/Inventory Turnover) (Days)	47	37
Inventory Collection Period (Days)	117	84
Financial Ratios		
Total Liabilities/Shareholders' Equity	2.98	2.43
Total Liabilities/Total Assets	0.75	0.71
Short-term Liabilities/Total Assets	0.6	0.62
Shareholders' Equity/Total Assets	0.25	0.29
Profitability Ratios		
Return on Assets (Income Before Tax/Total Assets)	13.29	16.38
Return on Equity (Income Before Tax/Equity)	52.94	56.18
Operating Profit Margin (Operating Profit/Net Sales)	9.33	6.47
Profit Margin (Income Before Tax/Net Sales)	5.50	5.20

KEY FINANCIAL INDICATORS (thousand TL)		
Total Assets	5,740,844	8,699,750
Shareholders' Equity	1,441,229	2,536,072
Total Sales (Net)	13,863,404	27,406,387

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



SUBSIDIARIES AND AFFILIATES

Sark Wire Corp., which has been operating in Albany, New York, the USA, produces electrolytic copper wire and other electrolytic copper wire products with high added value at its factory equipped with the latest technology machinery and equipment.





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 three 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 tons. As of 31.12.2022, approximately 32% of the production output is exported particularly to the Western European countries. Stocks of our affiliate are listed on Borsa Istanbul. The upper limit of the registered capital is TL 105,000,000 and its paid-up capital is TL 100,000,000. Our shareholding in Demisaş is 44.44%.

SAR MAKİNA SAN. VE TİC. A.Ş.

Founded in 1991, Sarmakina 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.

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 industry. 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 Sarmakina A.Ş. is 50,000,000 TL in which our share is 99%.

SARDA DAĞITIM VE TİC. 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 30,000,000 TL in which our share is 99.97%.

BEKTAŞ BAKIR EMAYE KABLO SAN. VE TİC. 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 enameled 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 EURO has an affiliated partnership of 99.60% with our company.

**SUBSIDIARIES AND AFFILIATES**

Sark Bulgaria was established in Shumen, Bulgaria on 10.06.2016 in order to increase our exports and expand the activities of our company by taking part in the European Union on the way to globalization.

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 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 Sarmakina 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 90% share and Sarmakina A.Ş. has 10% share in Sark Bulgaria AD., which has a registered capital of 8,000,000 Leva. Investment process of the company is completed and the production period has been initiated.

SUBSIDIARIES AND AFFILIATES ACCORDING TO YEARS					
	2018	2019	2020	2021	2022
Demisaş Döküm Emaye Mamulleri Sanayi A.Ş. (thousand TL)					
Paid-in Capital	52,500	52,500	52,500	52,500	100,000
Participation Share	23,331	23,331	23,331	23,331	44,440
Participation Rate (%)	44.44	44.44	44.44	44.44	44.44
Bektaş Bakır Emaye Kablo Sanayi ve Tic. 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 Dağıtım ve Tic. A.Ş. (thousand TL)					
Paid-in Capital	15,000	15,000	15,000	15,000	30,000
Participation Share	14,996	14,996	14,996	14,996	29,991
Participation Rate (%)	99.97	99.97	99.97	99.97	99.97
Sar Makina San. ve Tic. A.Ş. (thousand TL)					
Paid-in Capital	10,000	10,000	20,000	20,000	50,000
Participation Share	9,900	9,900	19,800	19,800	49,500
Participation Rate (%)	99.00	99.00	99.00	99.00	99.00
Sark-USA, Inc. (thousand US\$) ⁽¹⁾					
Paid-in Capital	100	-	-	-	-
Participation Share	100	-	-	-	-
Participation Rate (%)	100	-	-	-	-
Sark Wire Corp. (thousand US\$)					
Capital	15,000	15,575	15,575	15,575	15,575
Paid-in Capital	15,000	15,575	15,575	15,575	15,575
Participation Share	9,000	11,422	11,422	11,422	11,422
Participation Rate (%)	60	73.34	73.34	73.34	73.34
Sark Bulgaria AD. (thousand Leva)					
Capital	8,000	8,000	8,000	8,000	8,000
Paid-in Capital	8,000	8,000	8,000	8,000	8,000
Participation Share	7,200	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 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 2022

With its approximately 16,000 partners, Sarkuysan is a dynamic, global, publicly traded company having a contemporary production and management structure governed by professionals.

INVESTMENTS

Our Company continued its investment activities in 2022. 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.

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. meters in Osmangazi, Gebze, which is 45 km from Istanbul. Sarkuysan, which has an annual production capacity over 200,000 tons, 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 16,000 shareholders and social responsibility projects. In 2022, the Sarkuysan Group reached 212,197 tons of goods sales.

Production Facilities

REFINERY FACILITIES

Anode Casting Workshop
Blister copper is melted in refining furnaces and then automatically cast in molds 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 organization 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.

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 defense industries. Sarkuysan manufactures high conductivity copper with superior



ACTIVITIES IN 2022

The products' high quality and the business mentality 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.

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 customized 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 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

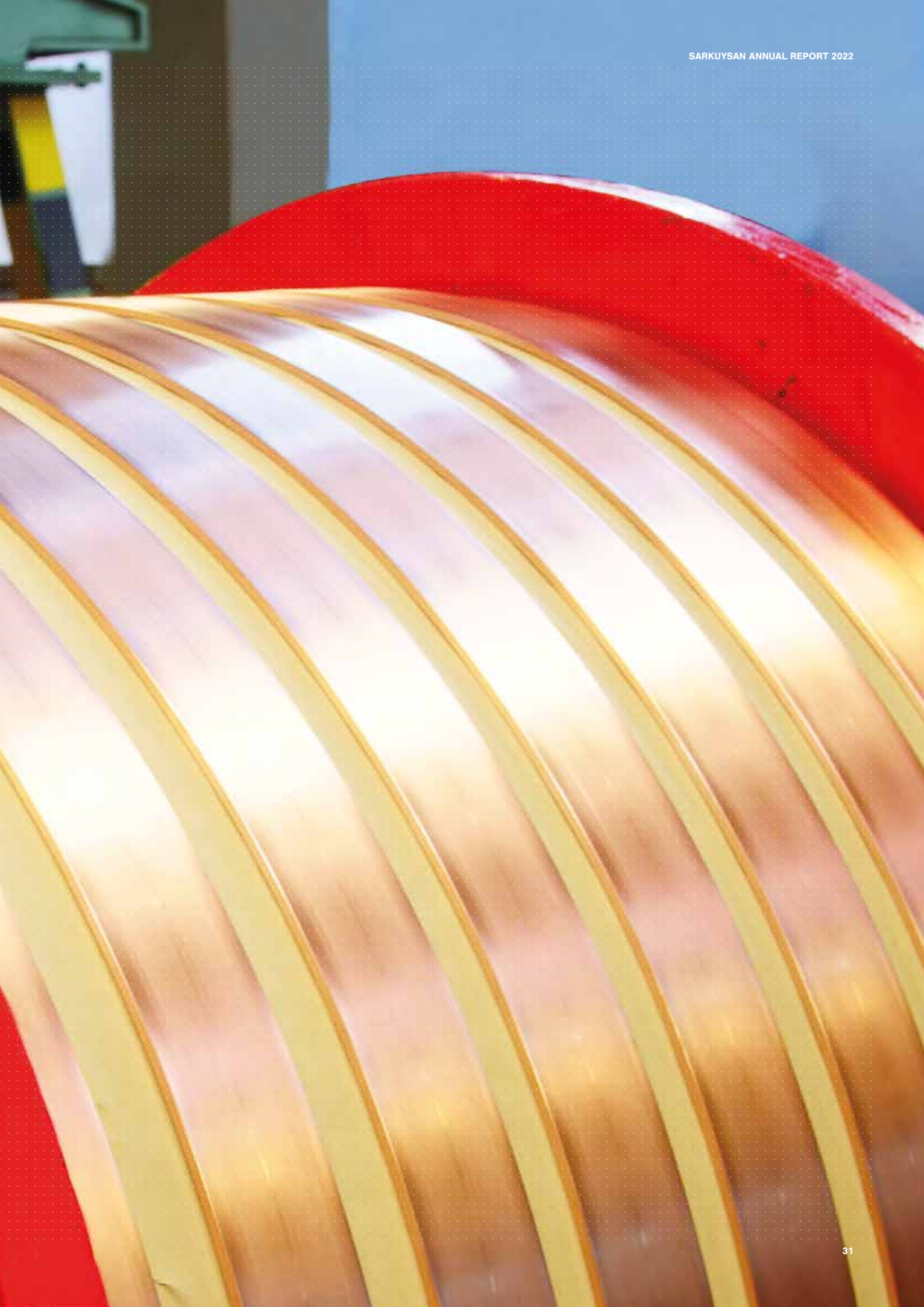
sections. Silver alloyed copper contact wires provide advantages to high speed and high frequency rail systems thanks to their high conductivity and high softening temperatures. Tin or magnesium alloyed contact wires have high breaking stress and wear strength, and thus are highly preferred in very fast 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

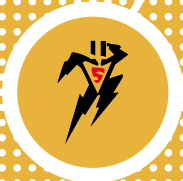
Maximum diameter in round bars is 80 mm. In flat profiles, maximum width is 200 mm

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 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.



ACTIVITIES IN 2022







ACTIVITIES IN 2022



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 Sarmakina who is the patent holder.

Enameled Wire Production Facilities

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

ROUND AND FLAT ENAMELED WINDING WIRE PRODUCTION

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

CTC (CONTINUOUSLY TRANPOSED CONDUCTOR) PRODUCTION

The CTC product that is manufactured by gathering flat enameled 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.

ÜRÜNLERİMİZ

- › Copper Cathode
- › Produced from electrolytic copper;
- Filmaşınlar
- 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 Enameled Winding Wire (copper or aluminum)
- Flat Enameled Winding Wire (copper or aluminum)
- CTC (Continuously Transposed Conductor)

SALES

The total sales figure in 2022 reached 27,406,387,245 TL. Despite the challenges endured in our country's and global markets, the year-on-year sales of our Company increased 97.69% thanks to our vast and flexible retail network. (2021: 13,863,404,122 TL) Effective teamwork, 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

2022 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 the curfews implemented due to Covid-19 pandemic. In 2022, we achieved export figures of US\$ 317,192,990, € 474,580,157 and £ 49,727,619.

FAIRS PARTICIPATED IN 2022

Fairs Abroad

- › March 7-9, 2022-MEE Dubai, Dubai
- › March 15-17, 2022-Cabex, Russia
- › May 10-12, 2022-Cwieme, Berlin / Germany
- › June 20-24, 2022-Wire and Tube, Düsseldorf / Germany
- › September 20-23, 2022-Innotrans, Berlin / Germany
- › September 28-29, 2022-Coiltech, Pordenone / Italy

Fairs in Turkey

- › November 29-30, 2022-Santek Digital

EXPECTATIONS IN THE MARKET AND THE COPPER MARKET IN 2023

Considering the 2019-2022 period, the Covid-19 pandemic, which began as an outbreak and turned into a global pandemic and has resulted in a tragically large number of human lives being lost and brought global economies to a near-standstill, was taken under control considerably in the previous year and the resulting



ACTIVITIES IN 2022

As our Company has an extensive exportation network of over 500 active customers in more than 70 countries on 5 continents, the exportation achieved in 2022 was US\$ 890,393,396.

GLOBAL REFINERY COPPER PRODUCTION (kt Cu)



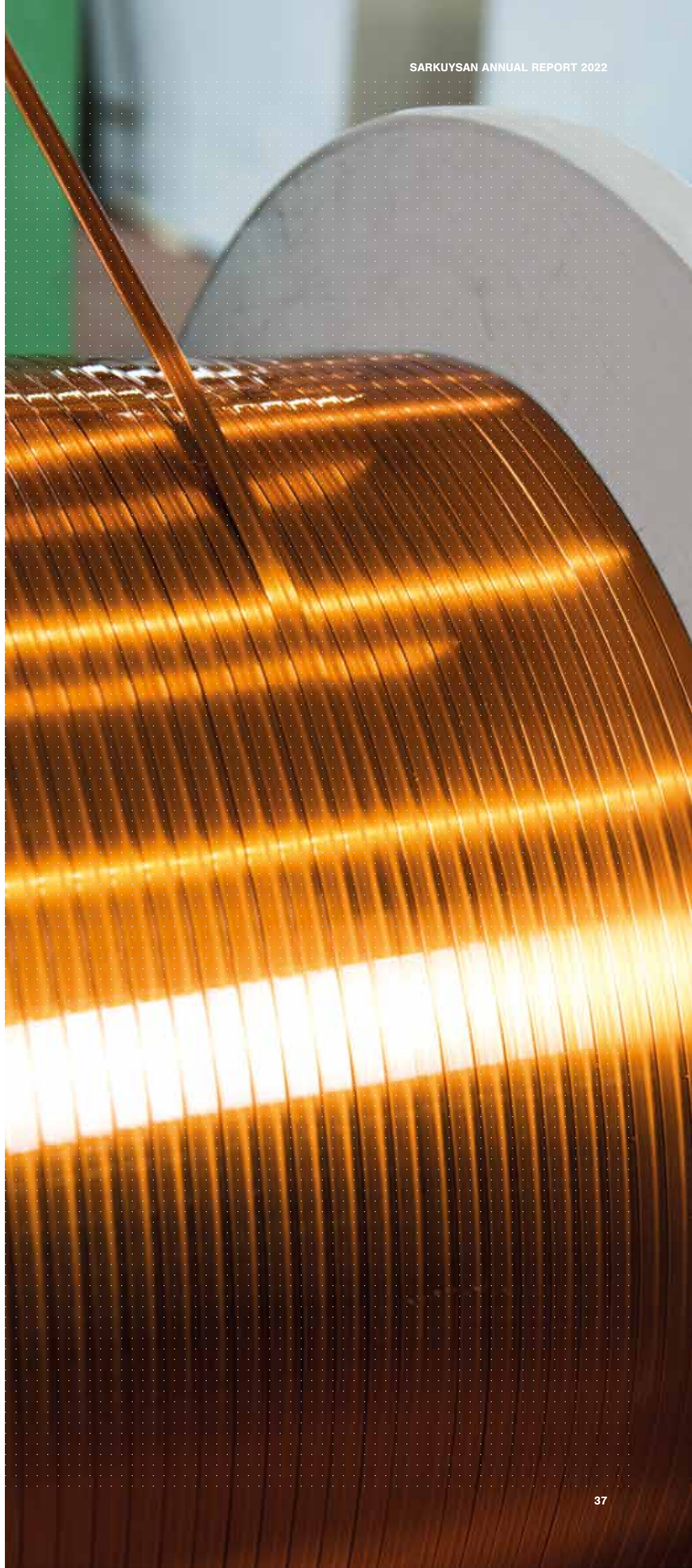
GLOBAL REFINERY COPPER CONSUMPTION (kt Cu)



economic damage was observed to be overcome substantially. Currently, the restrictions have been lifted in all economies, including China, and these countries have entered into a rapid growth trend with the effect of delayed demand during the pandemic. In 2022, the global growth was projected to be 3.4%, while the USA grew by 2.0%, Europe by 3.5%, China by 3.0% and Turkey by 5.5%. (Source: IMF, World Bank)

On a global basis, the IMF reduced its 2023 forecasts from 2.9% to 2.72% towards the end of 2022. However, when China abandoned its "Zero Covid-19" policy, IMF increased its projection to 2.9% once again. In the meantime, IMF increased the growth expectation for the USA from 1% to 1.4% and for China from 4.4% to 4.8%. The growth expectation for Europe is 1.6%, while the growth expectation for the developing countries, including Turkey, is 4%. The only country that IMF expects to have a shrinkage in 2023 is the UK. The country is expected to shrink by 0.6% in 2023. (Source: IMF, World Bank)

The Turkish economy, which had quickly normalized following the pandemic, achieved a strong performance in the first and second quarters of 2022, growing by 7.5% and 7.7%, respectively. Although Turkey lost some momentum due to the weakening foreign demand outlook in the third quarter of the year, the year-on-year growth rate of Turkish economy was 6.2%. However, a significant slowdown in the economic growth is expected in 2023 compared to the same period of the previous year, due to the negative developments in economic conditions, the contractionary effect of the implemented macroeconomic measures, and the destruction caused by the devastating earthquakes that took the lives of many people. The global refined copper production increased by 3.5% in 2022 compared to the previous year and reached 25.6 million tons. While 3.5% of this production came from mining, the rest was secondary product (scrap, etc.). In the same period, the global refined copper consumption was 26.04 million tons and the refined copper deficit was 376,000 tons. This deficit was stated to be met by LME warehouses, non-LME inventories and strategic reserves. In 2023, the total demand and the total





ACTIVITIES IN 2022

Thanks to our “Energy Management System” with ISO 50001 certificate, we maintain the required processes and systems to increase energy efficiency and sustain efficient energy management by the projects put into practice.

refined copper supply are expected to increase by 3.5% and 3.2%, respectively. (Source: ICSG). In 2022, the refined copper consumption in our country was around 545,000 tons. Despite the uncertainties due to the pandemic and the war, an increase of 5% is expected in the Turkish copper market in 2023 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 center is mainly focused on developing products included in the portfolio of the Company and produced in massive 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 carries out R&D activities in the below-mentioned issues to strengthen its position in the industry,

- Process design and implementation,
- Material development and implementation
- Project-specific tailor-made implementations,

- › Low-cost, high-quality product implementations

konularında Ar-Ge faaliyetleri göstererek sektördeki konumunu güçlendirmektedir.

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, minimizes 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 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,
- › Utilizing 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 minimize 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,
- › Minimizing energy losses and optimally utilizing 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 Sarkuysan, 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 minimize 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 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





ACTIVITIES IN 2022

Our Company celebrated its 50th anniversary in a ceremony organized in our Hasbahçe, the private garden of our Company. In his speech he made at the celebration ceremony, our President Mr. Hayrettin ÇAYCI emphasized that it was important to sustain the successful trend of the Company for 50 years.

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

Attendance fees, salaries, bonuses, premiums and dividends	20,227,582
Allowances, travel, accommodation, insurance and representation expenses	981,784
Total	21,209,366

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

Our company celebrated the 50th anniversary of its establishment and the 47th anniversary of its launching production in 2022. In our half-century history, our Human Resources policy has always been based on our employees being satisfied and feeling the warmth, sincerity and trust of a family. Since its establishment, our company has pioneered industrial democracy and has set an example in union, employee and employer relations. Moreover, our company has created significant social values in education, healthcare, art, sports, religion and culture via dozens of projects carried out with the awareness on social responsibility. Sarkuysan takes firm steps towards many more successful years with its strong values, as well as its qualified and experienced human resources. In this period, human resources policy was implemented in parallel with our fundamental

policies and main targets. In 2022, our employment volume increased compared to the previous year and the number of employees reached 1,218. 459 administrative personnel and 759 workers were employed.

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 labor 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 labor agreements of our union member workers and implemented upon evaluation and approval of the Board of Directors.

SOCIAL RESPONSIBILITY

Our company celebrated the 50th anniversary of its establishment and

NUMBER OF EMPLOYEES

2022	1,218
2021	1,129
2020	1,110

the 47th anniversary of its launching production with great enthusiasm. As part of the projects we carry out in line with our 50-year long awareness on corporate social responsibility, we continued our 29 years of tradition and transferred our New Year's promotions budget to healthcare. In this regard, we donated a dental unit to Darica Oral and Dental Health Center operating under Darica District Governorate. We also continued our contributions in the education field by granting non-refundable scholarships to 127 undergraduates, including children of our employees and graduates of Sarkuysan High School studying at higher education institutions. Thanks to these practices, 372 grantees have been included in the professional life so far. Furthermore, our employees established a scholarship fund 28 years ago by contributing with certain amounts of deduction from their salaries. So far, 335 students





ACTIVITIES IN 2022

As part of the projects we carry out in various fields with the awareness of corporate social responsibility, we continue our contributions in education and training by providing scholarships to the graduates of Sarkuysan High School.

have benefitted from this scholarship and finished their schools. In the meantime, 106 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. In this regard, the fourth "Green Chess Tournaments" was held in Sarkuysan Anatolian High School in collaboration with the Ministry of Youth and Sports, Turkish Chess Federation and Kocaeli Chamber of Industry and with the support of our company. Furthermore, copper tubes were supplied to Şehit Davut Ali Karadağ Vocational and Technical Anatolian High School of the Çayırova District Governorate to be used by students. Our "Turkish Music Choir", which we had to take a break due to the pandemic, began its rehearsals and gave a successful concert as part of the "29th Istanbul Turkish Music Festival".

DONATIONS AND GRANTS

In this period, donations and grants in an amount of 819,942.-TL in total were provided to various organizations.

We donated TL 251,458 to Sarkuysan Sports Club for the material and equipment expenses of our table tennis team competing in the Super League; we also donated TL 91,380 TL to the Sofia Embassy, a total of TL 264,249 TL to various healthcare institutions and associations, TL 47,855 to support education, and TL 165,000 to various municipalities and district governorates.

DONATIONS AND GRANTS OF THE COMPANY (TL)

Sarkuysan Sports Club	251,458
Bulgaria Sofia Embassy	91,380
Gebze Municipality	75,000
Darıca Oral and Dental Health	69,249
SMA Disease	50,000
Darıca Municipality	37,500
Darıca District Governorate	37,500
Fiziksel Engelliler Derneği (Association for Physically Disabled)	33,500
Türk Alzheimer Derneği (Turkish Alzheimer Association)	30,000
Sarkuysan Elementary School	20,020
Kasev Vakfı (Kadıköy Foundation of Health and Education)	20,000
Türk Kalp Vakfı (Turkish Heart Foundation)	20,000
Sarkuysan High School	16,035
Gebze Autism Association	15,000
Tuzla District Governorate	15,000
Türkiye Sağırlar ve Tesanüt Derneği (Deaf and Solidarity Association)	13,000
Unicef	10,000
Türk Eğitim Vakfı (Turkish Education Foundation)	9,800
Kilis Yardımlaşma Derneği (Kilis Solidarity Association)	2,500
Gebze Technical University	2,000
Education and Healthcare Social Aid Foundation	1,000
Total	819,942

Dear shareholders,

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

Yours faithfully,

The Board of Directors

INTERNAL AUDITS

The internal audit system of the Company consists of job descriptions, authorization system, policies and documented procedures that were previously determined based on the workflows 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 2022 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 organization 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 analyzing 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 minimizing 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 Aluminum 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 organizations 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 Management Principles included in the annex of Communiqué on Corporate Management no.II-17.1 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 activity period that ended on December 31, 2022, 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 (CRF) and Corporate Governance Information Form (CGIF) and other sections of the report. In case of any change in CRF or CGIF 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-17.1, 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 are 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 recognized 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 comply fully 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.



CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Situation					Description
	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			Yönetim Kurulu Üyeliğine aday gösterme imtiyazı bulunan pay vardır.
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					
1.5. Minority Shareholder Rights						
1.5.1-The Company pays utmost attention for the minority shareholders to use their rights.	X					

	Compliance Situation					Description
	Yes	Partial	No	Exempt	NA	
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-The dividend distribution policy approved by the General Assembly is disclosed to the public on the partnership's corporate website.	X					
1.6.2-The dividend distribution policy includes minimum information to ensure clearly 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 utilization 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 profit 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 the corporate governance principle no. 2.1.1.	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					
2.2. Annual Report						
2.2.1-The Board of Directors ensures that the Annual Report reflects the company activities completely and accurately.	X					
2.2.2-The Annual Report includes all elements listed under the principle no. 2.2.2.	X					



CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Situation					Description
	Yes	Partial	No	Exempt	NA	
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 Contribution of the Stakeholders to the Management of the Company						
3.2.1-Engagement of the employees to the management is drawn up in 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 in the Human Resources Policy section of the Company's Annual Report Corporate Governance Principles Compliance Report section. The Succession Policy is being developed currently.
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					
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					

	Compliance Situation					Description
	Yes	Partial	No	Exempt	NA	
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 organizations and collective labor 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					
4.1. Functions 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. Principles of 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					



CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Situation					Description
	Yes	Partial	No	Exempt	NA	
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 company and 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					
4.3. Structure of the Board of Directors						
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 the 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 2022, all of the 30 meetings were held on digital platforms; 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			In 2022, there were no members who did not attend the Board meetings but submitted their views in writing.

	Compliance Situation					Description
	Yes	Partial	No	Exempt	NA	
4.4.4-Each member has the right for one vote on the Board.	X					
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					The restrictions set by the legislation are implemented.
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/organization 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						
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 organized 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/1009806
Whether documents regarding the General Assembly Meeting is submitted both in Turkish and English	https://www.kap.org.tr/tr/Bildirim/1009806
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 2022, 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 2022, 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/1021215
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's 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.
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.

CORPORATE GOVERNANCE INFORMATION FORM	
The 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 Disclosures 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 Principle 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 accesses 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 the 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 the "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 the "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 the "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 Participation 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 authorized 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 authorization.

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, President, Executive Hamit Mücellit, Acting President, Executive, A. Hamdi BEKTAŞ, Member of the Board, Executive, Cenap TAŞKIN, Member of the Board, Executive, Maksut URUN, Member of the Board, Non-Executive, Nurtekin Keçeci, Member of the Board, Non-Executive, Turgay ŞOHOĞLU, Member of the Board, Non-Executive, Bekir MENETLİOĞLU, Member of the Board, Non-Executive, Fatma Burcu CESUR, Member of the Board, Non-Executive, Mehmet BAHTİYAR, Member of the Board, Non-Executive, Ayhan ZEYTİNOĞLU, Member of the Board, Non-Executive, Virma SÖKMEN, Member of the Board, Non-Executive, İlfeta AKSOY, Member of the Board, Non-Executive, Mehmet Ali YILDIRIMTÜRK, Member of the Board, Non-Executive, (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 President or Acting President, 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 President	Hayrettin Çaycı
Full Name of the CEO/Managing Director	Sevgür Arslanpayı
The link to the relevant PDP announcement providing the rationale for the President and CEO/Managing Director being the same person	Not combined.
The 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 3 woman directors in the Board of Directors. Ratio: 21.43%



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	Initial Date of Election	Link To PDP
Hayrettin ÇAYCI	Executive	Not independent director	22.12.1995	
Hamit MÜCELLİT	Executive	Not independent director	01.10.2010	
A.Hamdi BEKTAŞ	Executive	Not independent director	30.03.2005	
Cenap TAŞKIN	Executive	Not independent director	20.06.2013	
Maksut URUN	Non-executive	Not independent director	30.03.1998	
Nurtekin KEÇECİ	Non-executive	Not independent director	2.05.2016	
Turgay ŞOHOĞLU	Non-executive	Not independent director	28.03.2014	
Bekir MENETLİOĞLU	Non-executive	Not independent director	7.04.2017	
Fatma BURCU CESUR	Non-executive	Not independent director	29.06.2020	
Mehmet BAHTİYAR	Non-executive	Independent director	7.04.2017	
Ayhan ZEYTİNOĞLU	Non-executive	Independent director	12.04.2019	
Virma SÖKMEN	Non-executive	Independent director	29.06.2020	
İlfeta AKSOY	Non-executive	Independent director	15.04.2022	
Mehmet Ali YILDIRIMTÜRK	Non-executive	Independent director	15.04.2022	

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	Considered	-	No
https://www.kap.org.tr/tr/Bildirim/826640	Considered	-	Yes
https://www.kap.org.tr/tr/Bildirim/917616	Considered	-	Yes
	Considered	-	Yes
	Considered	-	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)	30
Director average attendance rate at board meetings	100
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	4 days
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 are 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/1021243

CORPORATE GOVERNANCE INFORMATION FORM

Committees of the Board-I

Names of the Board Committees	Names of the Board Committees	Full Names of the 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
Audit Committee	Mehmet Ali	YILDIRIMTÜRK	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	İlfeta	AKSOY	No	Member of the Board
Corporate Governance Committee	Şefiye	YAYLA	No	Not a Member of the Board
Early Risk Detection Committee	Virma	SÖKMEN	Yes	Member of the Board
Early Risk Detection Committee	Nurtekin	KEÇECİ	No	Member of the Board
Early Risk Detection Committee	Mehmet	BAHTİYAR	No	Member of the Board
Early Risk Detection Committee	Mehmet Ali	YILDIRIMTÜRK	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%	16.67%	3	3
Early Risk Detection Committee	100%	50.00%	6	6

CORPORATE GOVERNANCE INFORMATION FORM	
4 . Board of Directors-III	
4.5. Committees Built Under the Board of Directors	
Specify where the activities of the audit committee are presented in your annual report or the website. (page number or name of the section)	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 audit committee are presented in your annual report or the website. (page number or name of the section)	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 audit committee are presented in your annual report or the website. (page number or name of the section)	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 audit committee are presented in your annual report or the website. (page number or name of the section)	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 audit committee are presented in your annual report or the website. (page number or name of the section)	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 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.



CORPORATE GOVERNANCE COMPLIANCE REPORT

CORPORATE GOVERNANCE INFORMATION FORM	
General Assembly Meetings	
Date of the General Assembly	15.04.2022
Number of additional explanation requests submitted to the Company regarding the General Assembly agenda	0
Shareholders' attendance rate to the General Assembly	72.64%
Percentage of shares that are directly represented	18.89%
Percentage of shares that are represented by a proxy	53.75%
Title of the section on the Company website that includes the minutes of the General Assembly Meeting, showing the ye and nay votes for each agenda item	Investor Relations/Announcements
Title of the section on the Company website that includes all questions asked and the answers provided at the General Assembly Meeting	Investor Relations/Announcements/Minutes of Meeting
Article or paragraph number of the minutes of the General Assembly Meeting regarding related parties	-
Specify the section of website where remuneration policy for executive and non-executive directors are presented	-
Number of people who have privileged access to partnership information and notified the Board of Directors (insider list)	52
Link to the announcement of the General Assembly published on PDP	https://www.kap.org.tr/tr/Bildirim/1009806

INVESTOR RELATIONS DEPARTMENT

The Investor Relations Department directly reports to Ümit Uluçam, CFO, and Şefiye YAYLA, Commercial Accounting Manager, Uğur BULAT, Commercial Accounting Chief, and Demet CİZRELİOĞULLARI, Legal Counsel, are assigned to this unit. Mrs. Şefiye YAYLA, Investor Relations 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, Mrs. Şefiye YAYLA is also appointed as a member of Corporate Governance Committee.

Şefiye Yayla

Investor Relations Manager and Commercial Accounting Manager

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Uğur Bulat

Investor Relations Personnel and Commercial Accounting Chief

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Demet Cizrelioğulları

Investor Relations Personnel and Legal Counsel

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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 2022, our Company has made 58 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 2022 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, yatirimciliskileri@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 subsection "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 Meeting

Company's General Assembly Meetings and invitation to General Assembly are organized 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 2021 annual period was held on 15.04.2022 at the headquarters of the company. Shareholders acting as principal or agent have participated in the meeting which was organized in the electronic environment along with physical attendance and 72.64% participation was achieved.

Call for General Assembly meeting is announced 3 weeks before the General Assembly as per the Corporate Governance Principles Communiqué, on the same date as the Board of Directors decree dated 11.03.2022, 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 18.03.2022, in Gebze Newspaper and Company website on 17.03.2022 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 18.03.2021. 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 2022. 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 Participation in General Assembly



CORPORATE GOVERNANCE COMPLIANCE REPORT

Meetings Electronically. At the 2022 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 recognized 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 of association, during the election of the 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 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 authorized 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 profit 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, profit 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

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 Communiqué 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 organizations or interest groups like employees, creditors, customers, suppliers, unions and various nongovernmental organizations that are involved in our Company's reaching its goals or in its activities. The Company protects the rights of stakeholders that are organized 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 Contribution 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 2022, 104 of the 156 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.

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 organized to inform employees and get their views on the financial status of our company, salaries, career, training and health. 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.



CORPORATE GOVERNANCE COMPLIANCE REPORT

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 organizations and collective labor agreements. Relations with employees as part of Collective Labor 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 Labor 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 Labor Contract and Our Corporate Behavior 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 within the framework 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 organized 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. Code of Ethics and Social Responsibility

The Ethics Code of the Company is explained to the employees under the "Corporate Behavior 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 President 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 14 members, 9 of which are regular members and 5 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 organizing 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 of Directors

In the Ordinary General Assembly Meeting held in 2022, 5 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 15.04.2022, 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 2022.

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 utilize 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.



CORPORATE GOVERNANCE COMPLIANCE REPORT

STRUCTURE OF THE BOARD OF DIRECTORS

Name-Surname	Position	Executive or Not	Whether Independent Board Member or Not
Hayrettin ÇAYCI	President	Executive	Not An Independent Member
Hamit MÜCELLİT	Acting President	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	Non-executive	Not An Independent Member
Nurtekin KEÇECİ	Member	Non-executive	Not An Independent Member
Turgay ŞOHOĞLU	Member	Non-executive	Not An Independent Member
Bekir MENETLİOĞLU	Member	Non-executive	Not An Independent Member
Fatma Burcu CESUR	Member	Non-executive	Not An Independent Member
Ayhan ZEYTİNOĞLU	Member	Non-executive	Independent Member
Mehmet BAHTİYAR	Member	Non-executive	Independent Member
Virma SÖKMEN	Member	Non-executive	Independent Member
İlfeta AKSOY	Member	Non-executive	Independent Member
Mehmet Ali YILDIRIMTÜRK	Member	Non-executive	Independent Member

Latest Date of Election	Term of Office	Committees Assigned & Roles	Duties Outside the Company
29.06.2020	3 Years		President and Managing Director at Sarkuysan Group of Companies, President of Turktrade (Foreign Trade Association of Turkey)
29.06.2020	3 Years		Acting President and Member of Board at Sarkuysan Group of Companies
29.06.2020	3 Years		Acting President and Member of Board at Sarkuysan Group of Companies
29.06.2020	3 Years		
29.06.2020	3 Years		Acting President at Sarkuysan Group of Companies
29.06.2020	3 Years	Early Risk Detection Committee	
29.06.2020	3 Years	Corporate Governance Committee	
29.06.2020	3 Years	Corporate Governance Committee	
29.06.2020	3 Years	Corporate Governance Committee	
15.04.2022	1 Year	Audit, Corporate Governance Committees	President of Kocaeli Chamber of Industry, Acting President of Turkish Union of Chambers and Commodity Exchange (TOBB), President of Economic Development Foundation (IKV), General Coordinator of Zeytinöğlü Denizcilik A.Ş.
15.04.2022	1 Year	Audit, Corporate Governance, Risk Assessment Committees	Academician at Yeditepe, Bahçeşehir and Kadir Has universities
15.04.2022	1 Year	Audit, Early Risk Detection Committees	Member of Loan Committee at Yapı Kredi Bank
15.04.2022	1 Year	Corporate Governance Committee	Member of the Board of Turktrade (Foreign Trade Association of Turkey)
15.04.2022	1 Year	Early Risk Detection Committee	Economist Author



CORPORATE GOVERNANCE COMPLIANCE REPORT

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 2022.

The tasks, principles of work and which members will comprise the committees are 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 utilize 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 President 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 meeting but submitted their views in writing are submitted to the attention of other members.

Each member has one vote on the board.

How the Board of Directors meetings are to be held has been organized and also an internal guideline has been prepared as part of the TCC and relevant regulations. In 2022, the Board of Directors met 30 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 President 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 Board meeting shall indicate that all items in the agenda are discussed and records shall include the opposing views as well.

Members of 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 audit 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

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
Mehmet Ali YILDIRIMTÜRK	Independent Member of Board	Member

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
İlfeta AKSOY	Member of the Board	Member
Şefiye Yayla	Investor Relations Manager	Member

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 5 times in 2022, 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.

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.

Nomination Committee (within our Corporate Governance Committee)

The committee is built 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)

The committee is built 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 Board members and managers with administrative responsibility considering their degree of meeting the criteria used in remuneration to the Board.

Early Risk Detection Committee

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.

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



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
Mehmet Ali YILDIRIMTÜRK	Independent Member of Board	Member

shareholders as a separate item on the agenda at the general assembly meeting dated 15.04.2022. Our partners are given the opportunity to submit their opinions on the subject.

Profit shares, profit options or payment plans based on the company's performance cannot be used in the remuneration of Independent Board Members. In fact, the wages of our independent board members 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 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.

All other benefits acquired with the wages given to Board members and administrative staff has 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 15.04.2022 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 organization 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 taking mechanisms.

The internal audit system of the Company consists of job descriptions, authorization 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 2022 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 are held 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 organizations (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 BAHTIYAR



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 Bakir 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 organizations (except working as an academican 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 fulfill 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 ZEYTINOĞLU

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 organizations (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,

VIRMA SÖKMEN



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 Bakir 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 organizations (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 fulfill 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,

İLFETA AKSOY

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,

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› 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,

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› 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 ALI YILDIRIMTÜRK



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.

Authority and Responsibility

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 authorized 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 Financial Statements

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, Capital Market legislation and CMB's 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 and Notices Published on 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 Exercising the Rights of Partnership

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 In-house Information Confidential Until Public Disclosure

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 authorized 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

	Amount on 31.12.2022 (TL)	Amount on 31.12.2021 (TL)
A. Total value of GMP assigned on behalf of the Company	755,923,901	1,402,137,352
Sarkuysan A.Ş. Letter of Guarantees Given	590,227,247	440,223,786
Sarkuysan A.Ş. Surety Bonds Given	124,544,872	932,763,881
Sar Makina A.Ş. Letter of Guarantees Given	8,534,187	3,095,832
Sarda A.Ş. Letter of Guarantees Given	32,600,000	26,030,000
Aegean Free Trade Zone Letter of Guarantees Given	17,595	23,853
B. Total amount of the GMP assigned in favor of the corporations included in the scope of full consolidation	65,951,392	52,788,692
Sureties	65,951,392	52,788,692
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 GMPs assigned		
ii. Total amount of the GMPs assigned in favor of the other group companies that are not within the scope of B and C		
iii. Total amount of the GMPs assigned in favor of 3 rd persons that are not within the scope of C		
Total	821,875,293	1,454,926,044



DIVIDEND DISTRIBUTION PROPOSAL

We hereby submit for your approval that the Net Distributable Period Profit, which is 1,099,944,876.- 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 31.12.2022, 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 22.50% net cash dividend and 25% dividend in the form of shares and the distribution date be 12.06.2023, 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, 25% (0.25 TL) Gross and 22.50% (0.2250 TL) Net cash dividend will be distributed for each nominal value share of 1.-TL of our 400,000,000.- 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,

The Board of Directors

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş. DIVIDEND DISTRIBUTION IN 2022						
1. Paid-in/Issued Capital				400,000,000		
2. General Legal Reserves (According to Legal Records)				104,442,554		
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		1,424,642,623		824,578,307		
4. Taxes (-)		294,946,916		213,162,854		
		<i>Corporate Tax (-)</i>		294,946,916		213,162,854
		<i>Provision for Deferred Tax (-)</i>		0		0
5. Net Term Profit		1,129,695,707		611,415,455		
6. Previous Years Losses (-)		0		0		
7. General Legal Reserve (-)		30,570,773		30,570,773		
8. NET DISTRIBUTABLE PROFIT FOR THE PERIOD		1,099,124,934		580,844,682		
9. Donations Within the Year (+)		819,942				
10. Net Distributable Profit for the Period Incl. Donations		1,099,944,876				
11. First Dividend to Shareholders		154,997,244				
		<i>Cash</i>		54,997,244		
		<i>Bonus</i>		100,000,000		
		<i>Total</i>		154,997,244		
12. Dividends Distributed to Privileged Shareholders		0				
13. Other Dividends Distributed		24,255,415				
- Dividends to Board Members		24,255,415				
14. Dividends Distributed to Holders of Redeemed Shares		0				
15. Second Dividend to Shareholders		45,002,756				
		<i>Cash</i>		45,002,756		
		<i>Bonus</i>		0		
		<i>Total</i>		45,002,756		
16. General Legal Reserve (-)		20,425,541				
17. Statuary Reserves		0		0		
18. Special Reserves		0		0		
19. EXTRAORDINARY RESERVE		854,443,978		336,163,725		
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/	Dividends Corresponding to	
		Cash (TL)	Bonus (TL)	Net Distributable Dividends	Share with Par Value of 1 TL	
				Ratio %	Amount (TL)	Rate %
Net	A	4.50	5.00	0.0000009	0.475000	47.5000
	B	89,999,995.50	99,999,995.00	17.2864780	0.475000	47.5000
	Total	90,000,000.00	100,000,000.00	17.2864789	0.475000	47.5000



AUDIT REPORT ON EARLY RISK DETECTION SYSTEM AND COMMITTEE

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

We have audited the Early Identification of the Risk System and Committee established by Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret Anonim Şirketi.

Responsibility of the Board of Directors

Pursuant to paragraph 1 of Article 378 of the Turkish Commercial Code 6102 ("TCC"), the Board of Directors is obliged to establish a committee of experts and operate and improve the system for the purposes of: early identification of factors posing a threat on the Group's existence, development and continuation; implementation of necessary measures and solutions in this regard; and management of the risk.

Responsibility of the Independent Auditor

Our responsibility is to express a conclusion on the Early Identification of the Risk System and Committee based on our audit. Our audit was conducted in accordance with TCC and the "Principles on the Independent Auditor's Report on Early Identification of the Risk 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 identification of the risk system and committee 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 Identification of the Risk System and Committee and the practices performed by the management against the risks.

Information Regarding the Early Identification of the Risk System and Committee

The Group established the Early Identification of the Risk System and Committee on 18 September 2012 which consists of 4 members. For the period between January 1 - December 31, 2022, the committee has met 6 times during the period for the purposes of early identification of factors posing a threat on the Group's existence and development, implementation of necessary measures and solutions in this regard and the management of the risk; and has submitted the reports it has prepared to the Board of Directors.

Conclusion

Based on our audit, we have reached the conclusion that the early identification of the risk system and committee of Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret Anonim Şirketi is, in all material respects, in compliance with article 378 of the TCC.

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

An Independent Member of BAKER TILLY INTERNATIONAL



ERDOĞAN BAŞARSLAN

Partner

İstanbul, 13 March 2023

INDEPENDENT AUDIT REPORT REGARDING THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

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

Opinion

We have audited the annual report of Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret Anonim Şirketi ("the Company") and its subsidiaries (the "Group") for the period of 1 January 2022 - 31 December 2022.

In our opinion, the consolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited complete set of financial statements and the information we obtained during the audit.

Basis for Opinion

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

Our Auditor's Opinion on the Complete Set of Consolidated Financial Statements

We have expressed an unqualified opinion in our auditor's report dated March 13, 2023 on the complete set of consolidated financial statements of the Group for the period of 1 January - 31 December 2022.

The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC"), the management of the Group is responsible for the following items:

- a. Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- b. Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.
- c. The annual report also includes the matters below:
 - › Subsequent events occurred after the end of the fiscal year which have significance,
 - › The research and development activities of the Group,
 - › Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions.



INDEPENDENT AUDIT REPORT REGARDING THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

Auditor's Responsibility for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code on whether the consolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS. 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 the discussions of the Board of Directors are free from material misstatement and consistent with the financial statements.

The name of the engagement partner who supervised and concluded this audit is Erdogan BASARSLAN.

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

An Independent Member of BAKER TILLY INTERNATIONAL



ERDOĞAN BAŞARSLAN

Partner

İstanbul, 13 March 2023

CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR**1 JANUARY - 31 DECEMBER 2022****CONTENTS**

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SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.**INDEPENDENT AUDITOR'S REPORT****To the General Assembly of Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret Anonim Şirketi****Report on the audit of the consolidated financial statements****Opinion**

We have audited the consolidated financial statements of Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret Anonim Şirketi (the "Company" or "Sarkuysan") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Accounting Standards ("TASs").

Basis for Opinion

We conducted our audit in accordance with 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 those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a 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. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Trade Receivables

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

Key audit matters

The consolidated financial statements as of 31 December 2022 include trade receivables amounting to TL 3.534.332.664 which represent a 41% of Sarkuysan's total assets. Provision for doubtful receivables amounting to TL 122.945.144 is allocated in the accompanying consolidated financial statements.

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

How the matter was addressed in our audit

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 internal 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 letter of guarantees 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 letter 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 note 2.09.09 and 10 to the consolidated financial statements

Key audit matters

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 the matter was addressed in our audit

Evaluating and assessing aging 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 note 2.09.19 and 17 to the consolidated financial statements

Key audit matters

The fair value of the investment properties of Sarkuysan as of 31 December 2022 is amounting to TL 421.934.000. The consolidated statement of profit or loss of the Group in 2022 includes a revaluation surplus amounting to TL 271.252.730 corresponding to a capital appreciation 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 firms 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.

How the matter was addressed in 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 note 2.09.08 and 8 to the consolidated financial statements

Key audit matters

The consolidated financial statements as of 31 December 2022 include current and non-current financial liabilities amounting to TL 3.771.147.190 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.

How the matter was addressed in our audit

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

Obtaining and evaluating 3rd party reconciliations of the financial liabilities balances and recalculating and testing 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.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.

INDEPENDENT AUDITOR'S REPORT

Revenue

Please refer to note 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 and, therefore, satisfies a performance obligation and recognizes revenue over time.

Based on the aforementioned disclosure, revenue recognition 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 the matter was addressed in our audit

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 Legal and Regulatory Requirements

1. In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code ("TCC") No.6102, the auditor's report on the early risk identification system and committee was submitted to the Group's Board of Directors on 13 March 2023.
2. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") and that causes us to believe that the Group's bookkeeping activities concerning the period from 1 January to 31 December 2022 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

İstanbul, 13 March 2023

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****AS AT 31 DECEMBER 2022 AND 2021**

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

ASSETS	Notes	Audited Current Period 31.12.2022	Audited Prior Period 31.12.2021
Current Assets		7.348.299.265	4.977.019.714
Cash and Cash Equivalents	6	489.842.471	356.878.211
Financial Investments	7	85.438	-
Trade Receivables	10	3.534.332.664	2.697.872.085
<i>Third Parties</i>	10	3.526.129.549	2.690.826.172
<i>Related Parties</i>	10, 37	8.203.115	7.045.913
Receivables from Finance Sector Operations		-	-
Other Receivables	11	157.122.812	116.922.844
<i>Third Parties</i>	11	157.122.812	116.922.844
<i>Related Parties</i>	11, 37	-	-
Derivative Instruments	14	-	5.661.745
Inventories	13	2.659.487.829	1.681.770.680
Prepaid Expenses	26	489.514.263	113.734.052
Current Income Tax Assets	35	703.029	788.917
Other Current Assets	26	17.210.759	3.391.180
Total		7.348.299.265	4.977.019.714
Non-Current Assets Held for Sale	34	-	-
Non-Current Assets		1.351.450.339	763.825.145
Financial Investments	7	4.208.571	1.163.376
Trade Receivables	10	-	-
Receivables from Finance Sector Operations	12	-	-
Other Receivables	11	4.510.348	690.775
<i>Third Parties</i>	11	4.510.348	690.775
<i>Related Parties</i>		-	-
Derivative Instruments	14	-	-
Investments Accounted for Using the Equity Method	16	10.450.202	68.393.675
Investment Properties	17	421.934.000	154.085.000
Property, Plant and Equipment	18	887.901.909	522.718.324
Right of Use Assets	18	1.423.476	871.905
Intangible Assets	19	4.880.625	5.483.485
Prepaid Expenses	26	7.018.360	2.617.713
Deferred Tax Assets	35	9.122.848	7.800.892
TOTAL ASSETS		8.699.749.604	5.740.844.859

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

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****AS AT 31 DECEMBER 2022 AND 2021**

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

LIABILITIES	Notes	Audited Current Period 31.12.2022	Audited Prior Period 31.12.2021
Current Liabilities		5.399.936.387	3.447.313.010
Short-Term Borrowings	8	2.543.941.261	1.492.199.530
Short Term Portion of Long Term Borrowings	8	659.556.670	461.392.730
Other Financial Liabilities	9	-	-
Trade Payables	10	1.870.642.588	1.133.817.712
<i>Third Parties</i>	10, 38	1.870.642.588	1.133.817.712
<i>Related Parties</i>		-	-
Employee Benefits	12	42.540.694	20.404.424
Other Payables	11	23.455.771	19.446.169
<i>Third Parties</i>	11	23.455.771	19.446.169
<i>Related Parties</i>		-	-
Derivative Instruments	14	3.856.765	-
Deferred Income	26	176.520.300	187.909.673
<i>Third Parties</i>		176.520.300	187.909.673
Current Income Tax Liabilities	35	36.237.303	94.847.027
Short Term Provisions	22,24	43.185.035	37.295.745
<i>Provisions for Employee Benefits</i>		41.900.416	31.371.190
<i>Other Short Term Provisions</i>		1.284.619	5.924.555
Other Current Liabilities	26	-	-
Total		5.399.936.387	3.447.313.010
Liabilities Related to Non-Current Assets Held for Sale		-	-
Non Current Liabilities		763.740.735	852.302.092
Long-Term Borrowings	8	567.649.259	762.738.868
Trade Payables	10	-	-
Long Term Provisions	24	183.079.874	81.298.243
<i>Provisions for Employee Benefits</i>		183.079.874	81.298.243
<i>Other Long Term Provisions</i>		-	-
Deferred Tax Liabilities	35	13.011.602	8.264.981
EQUITY		2.536.072.482	1.441.229.757
Equity Holders of the Parent	27	2.534.105.453	1.440.179.698
Paid-in Share Capital		400.000.000	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	(72.920.970)	(120.683)	
Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss	378.710.098	228.385.307	
Restricted Reserves		157.559.021	112.525.168
Retained Earnings		541.015.031	245.146.700
Profit for the Period		1.128.721.722	553.222.655
Non-Controlling Interests		1.967.029	1.050.059
TOTAL LIABILITIES AND EQUITY		8.699.749.604	5.740.844.859

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

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS****FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021**

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

	Notes	Audited Current Period	Audited Prior Period
		01.01.2022 31.12.2022	01.01.2021 31.12.2021
PROFIT OR LOSS			
Revenue	5 , 28	27.406.387.245	13.863.404.122
Cost of Sales (-)	5 , 28	(25.754.276.457)	(12.984.362.428)
GROSS PROFIT		1.652.110.788	879.041.694
Marketing, Sales and Distribution Expenses (-)	29, 30	(132.062.161)	(66.620.345)
General Administrative Expenses (-)	29, 30	(145.751.058)	(75.409.628)
Research and Development Expenses (-)	29, 30	(9.135.401)	(4.059.992)
Other Operating Income	31	1.582.549.414	2.249.415.277
Other Operating Expenses (-)	31	(1.174.357.421)	(1.688.950.331)
OPERATING PROFIT		1.773.354.161	1.293.416.675
Gains from Investment Activities	32	278.283.659	54.704.841
Losses from Investment Activities (-)	32	(322)	(220.203)
Share of profit/loss of investments accounted for using the equity method	16	(51.295.355)	10.404.825
OPERATING PROFIT BEFORE FINANCIAL INCOME/EXPENSE		2.000.342.143	1.358.306.138
Financial Income	33	370.473.939	269.610.231
Financial Expenses (-)	33	(946.173.459)	(864.989.053)
PROFIT BEFORE TAX		1.424.642.623	762.927.316
Tax income/(expense)	35	(294.946.916)	(209.335.131)
- Current period tax expense		(247.275.433)	(194.655.958)
- Deferred tax income/expense		(47.671.483)	(14.679.173)
PROFIT FOR THE PERIOD		1.129.695.707	553.592.185
DISCONTINUED OPERATIONS			
Profit After Tax		-	-
PROFIT FOR THE PERIOD		1.129.695.707	553.592.185
Attributable to:		1.129.695.707	553.592.185
Non-Controlling Interests		973.985	369.530
Equity Holders of the Parent		1.128.721.722	553.222.655
Earnings Per Share	36	0.02822	0.01844

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 2022 AND 2021**

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

	Notes	Audited Current Period 01.01.2022 31.12.2022	Audited Prior Period 01.01.2021 31.12.2021
PROFIT FOR THE PERIOD	27	1.129.695.707	553.592.185
OTHER COMPREHENSIVE INCOME			
Items not to be reclassified to profit/loss		(72.863.795)	(9.350.171)
Property, Plant and Equipment Revaluation Surplus			
Gains/(losses) on remeasurements of defined benefit plans	24	(82.586.570)	(10.972.084)
Share of other comprehensive income/(expenses) of investments accounted for using the equity method	16	(6.648.118)	(568.702)
Taxes relating to other comprehensive income not to be reclassified to profit/loss	35	16.370.893	2.190.615
- Current period tax expense		-	-
- Deferred tax income/expense		16.370.893	2.190.615
Items to be reclassified to profit/loss		150.331.284	142.875.762
Currency Translation Differences	27	150.331.284	142.875.762
Share of other comprehensive income/(expenses) of investments accounted for using the equity method		-	-
Taxes relating to other comprehensive income to be reclassified to profit/loss		-	-
- Current period tax expense		-	-
- Deferred tax income/expense		-	-
OTHER COMPREHENSIVE INCOME		77.467.489	133.525.591
TOTAL COMPREHENSIVE INCOME		1.207.163.196	687.117.776
Attributable to:		1.207.163.196	687.117.776
Non-Controlling Interests		916.970	369.304
Equity Holders of the Parent		1.206.246.226	686.748.472

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

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY****FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021**

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

Current Period (Audited)	Notes	Paid-in share capital	Adjustment to Share Capital	Property, Plant and Equipment Revaluation Surplus	Items not to be reclassified to profit or loss	
					Gains/(losses) on remeasurements of defined benefit plans	Share of other comprehensive income/(expenses) of investments accounted for using the equity method
Balances at 1 January 2022 (Beginning of the period)		300.000.000	1.020.551	23.800.684	(21.622.724)	(2.298.643)
Adjustments for Changes in Accounting Policies		-	-	-	-	-
<i>TFRS 9 Policy Change Effect (Net)</i>		-	-	-	-	-
Adjustments for Accounting Errors		-	-	-	-	-
Other Adjustments		-	-	-	-	-
Amounts After Adjustments		300.000.000	1.020.551	23.800.684	(21.622.724)	(2.298.643)
Transfers	27	-	-	-	-	-
Capital Increases		100.000.000	-	-	-	-
Dividends Paid		-	-	-	-	-
Transactions with Non-Controlling Interests		-	-	-	-	-
Increase (Decrease) from Other Changes		-	-	-	-	-
Total Comprehensive Income		-	-	-	(66.152.169)	(6.648.118)
- Profit for the Period		-	-	-	-	-
- Other Comprehensive Income (Expense)		-	-	-	(66.152.169)	(6.648.118)
Balances at 31 December 2022 (End of the period)		400.000.000	1.020.551	23.800.684	(87.774.893)	(8.946.761)

Prior Period (Audited)	Notes	Paid-in share capital	Adjustment to Share Capital	Property, Plant and Equipment Revaluation Surplus	Items not to be reclassified to profit or loss	
					Gains/(losses) on remeasurements of defined benefit plans	Share of other comprehensive income/(expenses) of investments accounted for using the equity method
Balances at 1 January 2021 (Beginning of the period)		300.000.000	1.020.551	23.800.684	(12.847.891)	(1.729.941)
Adjustments for Changes in Accounting Policies		-	-	-	-	-
<i>TFRS 9 Policy Change Effect (Net)</i>		-	-	-	-	-
Adjustments for Accounting 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 (End of the period)		300.000.000	1.020.551	23.800.684	(21.622.724)	(2.298.643)

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		
228.385.307	112.525.168	-	245.146.700	553.222.655	1.440.179.698	1.050.059	1.441.229.757	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
228.385.307	112.525.168	-	245.146.700	553.222.655	1.440.179.698	1.050.059	1.441.229.757	
-	45.033.853	-	508.188.802	(553.222.655)	-	-	-	
-	-	-	(100.000.000)	-	-	-	-	
-	-	-	(112.320.471)	-	(112.320.471)	-	(112.320.471)	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
150.324.791	-	-	-	1.128.721.722	1.206.246.226	916.970	1.207.163.196	
-	-	-	-	1.128.721.722	1.128.721.722	973.985	1.129.695.707	
150.324.791	-	-	-	-	77.524.504	(57.015)	77.467.489	
378.710.098	157.559.021	-	541.015.031	1.128.721.722	2.534.105.453	1.967.029	2.536.072.482	

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	

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.**CONSOLIDATED STATEMENTS OF CASH FLOWS****FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021**

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

		Audited Current Period 01.01.2022 31.12.2022	Audited Prior Period 01.01.2021 31.12.2021
A) CASH FLOWS FROM OPERATING ACTIVITIES		(656.999.705)	(968.831.550)
PROFIT FOR THE PERIOD		1.129.695.707	553.592.185
Profit for the Period from Continuing Operations		1.129.695.707	553.592.185
Profit for the Period from Discontinued Operations			
Adjustments to reconcile profit for the period to cash generated from operating activities:		199.755.006	219.525.820
Depreciation and amortisation	18,19	47.294.976	31.343.652
Adjustments for interest income/expense	33	218.706.370	130.006.908
Adjustments for interest income	33	(44.752.194)	(13.783.350)
Adjustments for interest expenses	33	263.458.564	143.790.258
Adjustments for impairment loss/(reversal of impairment loss)	13,31	55.575.586	33.835.195
Adjustments for Receivables Impairment (Reversal)	10	55.575.586	33.835.195
Adjustments for Other Impairment (Reversal)	11	-	-
Adjustments for Inventory Impairment (Reversal)	28	-	-
Adjustments for provisions	24	113.133.880	23.437.783
Adjustments for provisions for employee benefits (reversal)	12,24	117.773.816	28.206.062
Adjustments for other provisions (reversal)	22	(4.639.936)	(4.768.279)
Adjustments for tax income/expense	35	294.946.916	209.335.131
Adjustments for Unrealized Currency Translation Differences		(326.111.975)	(158.054.906)
Adjustments for Fair Value Gains/(Losses)	14	(261.734.220)	(40.541.820)
Adjustments for Investment Properties Fair Value Gains/(Losses)		(271.252.730)	(49.012.000)
Adjustments for Derivative Instruments Fair Value Gains/(Losses)	14	9.518.510	8.470.180
Adjustments for Undistributed Profit on Investments Accounted for using the Equity Method	16	57.943.473	(9.836.123)
Adju Adjustments for losses/(gains) on disposal of non-current assets	18	-	-
Changes in Working Capital		(1.849.903.129)	(1.614.385.754)
Decrease/(Increase) in Financial Investments		(3.045.195)	(405.650)
Adjustments for Gains/Losses on Trade Receivables	10	(892.036.165)	(1.462.083.582)
Gains/Losses from Inventories	13	(977.717.149)	(812.818.340)
Decrease/ (Increase) from Derivative Instruments		-	-
Adjustments for Gains/Losses In Other Receivables Related To Operations	11	(44.019.541)	(25.482.408)
Adjustments for losses/(gains) on Trade Payables	10	736.824.876	619.640.449
Adjustments for Gains/Losses In Other Payables Related To Operations	11,20,22	4.009.602	(11.121.908)
Decrease/(Increase) for Prepaid Expenses	26	(380.180.858)	(84.193.201)
Adjustments for increase (decrease) in payables due to employee benefits	24	22.136.270	7.063.735
Decrease/(Increase) from Deferred Income (Except Liabilities from Customer Contracts)	26	(11.389.373)	155.015.151
Other adjustments for increase (decrease) in other working capital		(304.485.596)	-
Total Cash Flows from Operating Activities		(520.452.416)	(841.267.749)
Payments Within Provisions Related To Employee Benefits	24	(5.462.959)	(3.007.296)
Income Taxes Refund/Paid		(131.084.330)	(124.556.505)
B) CASH FLOWS FROM INVESTING ACTIVITIES		(85.478.216)	(43.210.378)
Cash Outflows from Capital Increase or Acquisition of Interest in Subsidiaries or/and Joint Ventures	27	-	-
Cash inflows from sale of property, plant and equipment and intangible asset	18,19	129.686	670.330
Cash outflows from purchase of property, plant and equipment and intangible assets	18,19	(85.607.902)	(43.880.708)
Cash outflows from purchase of investment properties		-	-
C) CASH FLOWS FROM FINANCING ACTIVITIES		723.789.221	1.031.044.410
Cash inflows from borrowings	8	5.130.127.931	3.672.751.169
Cash outflows from repayments of borrowings	8	(4.075.311.869)	(2.427.353.780)
Dividends Paid	27	(112.320.471)	(84.346.071)
Interest Paid	33	(263.458.564)	(143.790.258)
Interest Received		44.752.194	13.783.350
Net Increase (Decrease) in Cash and Cash Equivalents Before Effect of Exchange Rate Changes		(18.688.700)	19.002.482
Effect of Exchange Rate Changes on Cash and Cash Equivalents		150.324.791	142.869.352
Net Increase/(Decrease) in Cash and Cash Equivalents		131.636.091	161.871.834
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	356.722.978	194.851.144
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	488.359.069	356.722.978

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

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

NOTE 1 - GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

Sarkuysan Elektrolitik Bakır 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 2022, 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 manufacturing and export	Turkey	99.00
Sarkuysan A.Ş.	Sarda Dağ. ve Tic. A.Ş.	Marketing and Distribution	Turkey	99.97
Sarkuysan A.Ş.	Bektaş Emaye Kablo San. Tic. A.Ş.	Rent income and subsidiary revenues	Turkey	70.71
Sarda Dağ. Ve Tic. A.Ş.	Bektaş Emaye Kablo San. Tic. A.Ş.	Rent income and subsidiary revenues	Turkey	29.13
Sarkuysan A.Ş.	Ege Serbest Bölge Şubesi	Import and trade of electrolytic copper wire	Turkey	100.00
Sarkuysan A.Ş.	Demisaş Döküm Emaye Mam. San. A.Ş.	Import and trade of steels parts for automotive and household appliances	Turkey	44.44
Sarkuysan A.Ş.	Bemka Kupferlackdraht GMBH.	Marketing and Distribution	Germany	99.60
Sarkuysan A.Ş.	Sark Bulgaria A.D.	Production of Electrolytic Copper And Conductors	Bulgaria	90.00
Sarkuysan A.Ş.	Sark Wire Corp.	Copper wire production and marketing	United States	73.34
Bektaş Emaye Kablo San. Tic. A.Ş.	Sark Wire Corp.	Copper wire production and marketing	United States	12.12
Sarmakina San. ve Tic. A.Ş.	Sark Wire Corp.	Copper wire production and marketing	United States	14.54
Sarmakina San. ve Tic. A.Ş.	Sark Bulgaria A.D.	Production of Electrolytic Copper and Conductors	Bulgaria	10.00
Sarmakina San. ve Tic. A.Ş.	Sark Gıda San. Tic. A.Ş.	Food and retail	Turkey	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 1.218 (31 December 2021: 1.129).

	31 December 2022	31 December 2021
Unionized Labour	666	610
Free Labour	93	84
White-Collar Worker	459	435
Total	1.218	1.129

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 2022 have been approved for issue by the Board of Directors ("BOD") on 13 March 2023 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

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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. Foreign subsidiaries, and associate maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. The consolidated financial statements of the Group 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's functional and presentation currency.

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 subsidiaries operating in foreign countries

Financial statements of subsidiaries that are operating in foreign countries are prepared in accordance with the laws and regulations in force in the countries in which they are registered in and required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Group's accounting policies. The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- 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 Profit or Loss" 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 Adjustments of financial statements in hyperinflationary periods

In accordance with the decision on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their consolidated financial statements in accordance with the financial reporting standards accepted by the CMB ("CMB Financial Reporting Standards"). Accordingly, Turkish Accounting Standards 29, "Financial Reporting in Hyperinflationary Economies", issued by the POA, has not been applied in the consolidated financial statements for the accounting year commencing 1 January 2005.

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 2022 and 2021, the subsidiaries (“Subsidiaries”) included in the consolidation scope of Sarkuysan, their ownership interests is as follows:

31 December 2022

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 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%

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 measured 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 the consolidated financial statements by either adding the increase in the amount to the investment amount or subtracting the losses from the investment amount.

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As of 31 December 2022 and 2021, the associates ("Associates") included in the consolidation scope of Sarquysan, their ownership interests is as follows:

31 December 2022

Associate	Direct ownership interest held by Sarquysan	Indirect ownership interest held by Sarquysan	Total Ownership Interest
Demisaş Döküm Emaye Mam.San.A.Ş.	44.44%	-	44.44%

31 December 2021

Associate	Direct ownership interest held by Sarquysan	Indirect ownership interest held by Sarquysan	Total Ownership Interest
Demisaş Döküm Emaye Mam.San.A.Ş.	44.44%	-	44.44%

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:

- Provision for employment termination benefits is determined by using actuarial assumptions (discount rates, future salary increases and employee exit rates). The estimates and calculations regarding employee benefits retirement have disclosed under "Provisions for employee benefits" (**Note 24**).
- 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**)
- 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 2022 and 2021.
- 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 claims 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

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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 disclosed as of the balance sheet date 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**).

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 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 has no significant changes in accounting policies 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-step 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.

The Group's 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 revenue.

When the revenue from services can be measured reliably, the revenue is recognised 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 inventories is determined by the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

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 1 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 2022 Ratio (%)	31 December 2021 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 with the effect of any changes in estimate being recognized for on a prospective basis.

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 1, 2005, adjusted for the effects of inflation and the cost of acquisition for items purchased after January 1, 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 2022 Ratio (%)	31 December 2021 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.

The Group applies the depreciation requirements in TAS 16 "Property, Plant and Equipment" 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" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

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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:

- Fixed payments, less any lease incentives receivable,
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- 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:

- Increasing the carrying amount to reflect interest on the lease liability,
- Reducing the carrying amount to reflect the lease payments made, and
- 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 change in the lease term. The Group determines adjusted lease payments based on the adjusted lease term.
- 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:

- The restructuring shall extend the scope of the lease by adding the right of use on one or more underlying assets; and
- 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.

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:

- The restructuring shall extend the scope of the lease by adding the right of use on one or more underlying assets; and
- 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 a 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.

Group - as a lessee

The collections for an operating lease are recognised as an income over the lease term on a straight-line basis. The Group's rent income is recognized under other operating income in the consolidated financial statements. Intercompany transactions and balances between Sarkuysan and its Subsidiaries are eliminated during the consolidation (**Note 31**).

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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 has no capitalised development costs during the period. (31 December 2021: 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 Group borrows funds specifically for the purpose of the qualifying assets, the amount of borrowing costs eligible for capitalization is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. Borrowing costs that are not in this scope are recognised directly in the income statement. All other borrowing costs recognized in income statement in which period they incurred. The Group has no capitalised financing costs during the period.

2.09.09 Financial instruments1. Financial assetsi. Financial assets and liabilities-Classification and measurement

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

- a. Financial instruments 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.

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

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.

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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.

ii. Impairment of financial assets

The Group has preferred to apply "expected credit losses" defined in TFRS 9. Financial assets and contractual assets at amortized cost but is not applied to investments on equity instruments. Financial assets 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" are as follows.

Financial assets carried 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 profit or loss.

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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 into functional currency 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 recognised in the 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 hedge 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 reporting period

Events after the reporting period are those events, which occur between the balance sheet date and the date when the consolidated financial statements are authorized for issue.

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 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 on an 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 cost 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 (such as property, plant, and equipment and financial investments).

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

Land and buildings that are held for rental yields or for capital appreciation or both rather than held in the production or supply of goods or services or for administrative purposes or for the sale in the ordinary course of business are classified as "investment property". Investment properties are carried at cost less accumulated depreciation in the accompanying consolidated financial statements. 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. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Daily repair and maintenance is not included in the aforementioned costs.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they incurred. Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss and other comprehensive income in the year of retirement or disposal. 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.

The investment properties of the Group are carried at their fair value in the consolidated financial statements. Therefore, investment property is not subject to depreciation. The fair values of the investment properties were determined according to the results of the appraisal reports signed by a licensed and authorized "Real Estate Appraisal Company" in accordance 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**).

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2.10 Share capital and dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity less retained earnings in the period in which they are approved and declared.

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

Financial statements of foreign subsidiaries, Foreign currency transactions and balances

Foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. 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 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. Exchange differences resulting from using the exchange rates at the balance sheet date and the average exchange rates are recognised in the currency translation differences under the equity.

The consolidated financial statements of the Group’s subsidiaries operating in “The United States of America”, “Bulgaria”, “Germany” are translated from foreign currency into TL as of 31 December 2022 and 2021 and the foreign currencies and TL equivalents are as follows:

The year-end and average rates for 2022 and 2021 for one USD, EUR and LEVA can be summarized as below:

As of the Balance Sheet Date

	USD	EURO	LEVA
31 December 2022	18.6983	19.9349	10.1354
31 December 2021	13.3290	15.0867	7.6704

Average Rate

	USD	EURO	LEVA
1 January - 31 December 2022	16.5453	17.3604	8.8280
1 January - 31 December 2021	8.8407	10.4238	5.3082

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2.12 Going concern

As of 31 December 2022, the Group has prepared its consolidated financial statements with the assumption on the Company'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**New and revised standards and interpretations**

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2022 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards ("TAS")/IFRS and ("TAS")/IFRS interpretations effective as of 1 January 2022. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations and interpretations to the existing previous standards which are effective from 31 December 2022 are as follows:

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

In December 2020, the POA issued Interest Rate Benchmark Reform – Phase 2, Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR, amending the followings. The amendments are effective for periods beginning on or after 1 January 2021. Earlier application is permitted.

Amendments include the following matters:**Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform**

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

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

Relief from discontinuing hedging relationships

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.
- For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.
- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.
- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

Separately identifiable risk components

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

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Additional disclosures

Amendments need additional TFRS 7 Financial Instruments disclosures such as;

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

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

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

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 Insurance Contracts from applying TFRS 9, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023 with the deferral of the effective date of TFRS 17.

Standards and amendments issued but not yet effective and not early yet adopted as of 31 December 2022

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

TFRS 17 - The New Standard for Insurance Contracts

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted for the entities applied TFRS 9 Financial Instruments and TFRS 15 Revenue from Contracts with Customers standards.

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

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will be applied for annual reporting periods beginning on or after January 1, 2023. Early application is permitted. The Group is assessing the potential significant material impact of the amendments on its financial position or performance.

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

On January 15, 2021, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted. The Group is assessing the potential significant material impact of the amendments on its financial position or performance.

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, the POA issued amendments to TAS 8, in which it introduces a new definition of "accounting estimates". The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the commencement of the effective date. Earlier application is permitted. The Group is assessing the potential significant material impact of the amendments on its financial position or performance.

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

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

The Group is assessing the potential significant material impact of the amendments on its financial position or performance.

Amendments to TFRS 16 – Sale and Leaseback Transactions

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. The amendments to TFRS 16 add to requirements explaining how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

NOTE 3 - BUSINESS COMBINATIONS

None.

NOTE 4 - DISCLOSURE OF INTERESTS IN OTHER ENTITIES

None.

NOTE 5 - SEGMENT REPORTING

The summary financial information of profit/loss of the Group in accordance with the reportable segments for the year ended 31 December 2022 and 2021, is as follows:

31 December 2022

	Copper	Enamelled Copper Wire	CTC Wire	Spools	Machinery	Other	Total	Adjustments for Consolidation and Elimination	01.01.2022 31.12.2022
Revenue	31.600.231.753	1.990.693.529	370.717.263	36.775.728	62.958.395	138.369.749	34.199.746.417	(6.793.359.172)	27.406.387.245
Cost of Sales	(29.938.577.579)	(1.863.632.975)	(319.297.403)	(23.203.092)	(28.779.198)	(117.356.628)	(32.290.846.875)	6.536.570.418	(25.754.276.457)
Gross Profit	1.661.654.174	127.060.554	51.419.860	13.572.636	34.179.197	21.013.121	1.908.899.542	(256.788.754)	1.652.110.788

31 December 2021

	Copper	Enamelled Copper Wire	CTC Wire	Spools	Machinery	Other	Total	Adjustments for Consolidation and Elimination	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

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

NOTE 6 - CASH AND CASH EQUIVALENTS

As of 31 December 2022 and 2021, the breakdown of cash and cash equivalents is as follows:

Account Name	31 December 2022	31 December 2021
Cash in hand	110.332	30.650
Banks	489.730.624	356.846.351
- Demand deposits	172.465.982	58.409.366
- Time deposits	317.264.642	298.436.985
Other	1.515	1.210
Cash and cash equivalents, net	489.842.471	356.878.211

As of 31 December 2022 and 2021, the Group has no blocked deposits.

As of 31 December 2022, interest accrual from time deposits calculated using the annual effective interest method is amounting to TL 1.483.402 (31 December 2021: TL 155.233).

As of 31 December 2022 and 2021, cash and cash equivalents presented in the consolidated statements of cash flows is as follows:

Account Name	31 December 2022	31 December 2021
Net balance sheet position	489.842.471	356.878.211
Less: Interest accruals	(1.483.402)	(155.233)
Total cash and cash equivalents position in the consolidated statement of cash flow, net	488.359.069	356.722.978

The maturity analysis of bank deposits is as follows:

Account Name	31 December 2022	31 December 2021
Demand deposits	172.465.982	58.409.366
1-30 days	256.176.962	274.419.400
30-90 days	61.087.680	24.017.585
Total	489.730.624	356.846.351

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

Currency	31 December 2022		31 December 2021	
	TL Equivalent	Annual Effective Interest Rate (%)	TL Equivalent	Annual Effective Interest Rate (%)
TL	168.822.205	9.03%-21.85%	61.318.853	19.39%-31.26%
USD	94.191.644	0.05%-0.33%	114.356.520	0.05%-0.33%
EURO	51.809.741	0.01%-0.02%	122.095.336	0.01%-0.02%
GBP	2.441.052	0.01%-0.02%	666.276	0.01%-0.02%
Total	317.264.642		298.436.985	

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND****FOR THE YEAR ENDED 31 DECEMBER 2022**

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NOTE 7 - FINANCIAL INVESTMENTS

As of 31 December 2022 and 2021, the functional breakdown of financial investments is as follows:

I) Short-term financial investments

	Effective Ownership Interest held by Sarkuysan	1 January - 31 December 2022	1 January - 31 December 2021
Non-current assets			
<i>Unlisted shares:</i>			
İş Yatırım Menkul Değerler A.Ş.	< 1	85.438	-
		85.438	-

II) Long-term financial investments

The Group's financial investments consist of investments classified as financial assets at fair value through profit or loss. The Group classifies its investments in equity securities as financial assets at fair value through profit or loss. As of 31 December 2022 and 2021, long term financial investments are as follows:

	Effective Ownership Interest held by Sarkuysan	1 January - 31 December 2021	1 January - 31 December 2022
Non-current assets			
<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	480.050	471.674
<i>Listed shares:</i>			
Kuyuş Kuyumculuk Gayrimenkul Yatırım Ort.	< 1	3.718.166	681.347
		4.208.571	1.163.376

(*) 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 securities is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Long-term securities:		
Beginning of the Period – 1 January	1.163.376	757.726
Changes in fair value, net	3.130.955	405.650
Disposals (-)	(322)	-
End of the Period – 31 December	4.294.009	1.163.376

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND****FOR THE YEAR ENDED 31 DECEMBER 2022**

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NOTE 8 - FINANCIAL LIABILITIES

As of 31 December 2022 and 2021, the breakdown and details of current financial liabilities are as follows:

Account Name	31 December 2022	31 December 2021
Bank borrowings	2.173.024.023	1.080.117.534
Short-term portion of long-term bank borrowings	659.556.670	461.392.730
Finance lease liabilities	13.945.959	10.240.657
Other	356.558.627	401.487.418
Lease liabilities	412.652	353.921
Current financial liabilities, net	3.203.497.931	1.953.592.260

Bank borrowings are carried at amortised cost in the accompanying consolidated financial statements.

As of 31 December 2022 and 2021, the breakdown and details of non-current financial liabilities are as follows:

Account Name	31 December 2022	31 December 2021
Account Name	556.933.137	750.339.623
Finance lease liabilities	9.595.351	11.741.450
Lease liabilities	1.120.771	657.795
Non-current financial liabilities, net	567.649.259	762.738.868

a) Redemption schedule of bank borrowings is as follows:

Loans	31 December 2022	31 December 2021
0-3 months	413.075.987	456.515.455
4-12 months	2.419.504.706	1.084.994.809
13-36 months	495.172.523	742.219.318
37-60 months	61.760.614	8.120.305
TOTAL	3.389.513.830	2.291.849.887

Finance lease liabilities	31 December 2022	31 December 2021
0-3 months	3.847.875	1.500.076
4-12 months	10.098.084	8.740.581
13-36 months	8.179.155	11.395.986
37-60 months	1.416.196	345.464
TOTAL	23.541.310	21.982.107

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND****FOR THE YEAR ENDED 31 DECEMBER 2022**

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

31 December 2022*Loans*

Type	Original Currency Amount	TL Equivalent	Annual Effective Interest Rate (%)
TL Loans	-	560.607.824	13-24%
USD Loans	36.622.818	684.784.424	11,75-18,70%
EURO Loans	46.533.054	927.631.775	2,78-7,75%
GBP Loans	-	-	-
Total loans (Short-term)		2.173.024.023	

Type	Original Currency Amount	TL Equivalent	Annual Effective Interest Rate (%)
TL Loans	-	82.823.771	14,31-19%
USD Loans	2.153.620	40.269.038	11,75-18,70%
EURO Loans	23.811.814	474.686.130	2,35-7,35%
GBP Loans	2.746.995	61.777.731	9,65-10,62%
Total loans (Short-term portion of long-term bank borrowings)		659.556.670	

Type	Original Currency Amount	TL Equivalent	Annual Effective Interest Rate (%)
TL Loans	-	140.000.000	15,75%
USD Loans	3.461.015	64.715.107	11,75-18,70%
EURO Loans	15.107.056	301.157.650	2,35-7,35%
GBP Loans	2.270.440	51.060.380	9,65-10,62%
Total loans (Long-term)		556.933.137	

Finance lease liabilities**31 December 2022**

	Original Currency Amount	TL Equivalent
Finance lease liabilities - USD (1-12 months)	745.841	13.945.959
Finance lease liabilities - USD (1-5 years)	513.167	9.595.351
Total		23.541.310

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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	

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 liabilities**31.12.2021**

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

NOTE 9 - OTHER FINANCIAL LIABILITIES

None.

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND****FOR THE YEAR ENDED 31 DECEMBER 2022**

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NOTE 10 - TRADE RECEIVABLES AND PAYABLES

As of 31 December 2022 and 2021, the functional breakdown and detailed analysis of short-term trade receivables are as follows:

Account Name	31.12.2022	31.12.2021
Trade Receivables from Third Parties	3.526.129.549	2.690.826.172
- Customers	3.530.701.453	2.586.528.697
- Notes Receivables	10.673.948	111.262.263
- Discount on Notes Receivables	(15.245.852)	(6.964.788)
- Doubtful Trade Receivables	178.520.730	122.945.144
- Provisions for Doubtful Trade Receivables (-)	(178.520.730)	(122.945.144)
Trade Receivables from Related Parties	8.203.115	7.045.913
- Related Parties	8.203.115	7.045.913
Short-term trade receivables, net	3.534.332.664	2.697.872.085

The average turnover period for trade receivables is 30 days (31 December 2021: 39 days). Receivables from both domestic and foreign sales are insured by Exim Bank receivables insurance.

In addition, letter of guarantees, guarantee notes, cheques and mortgages are available for domestic receivables and details are given in **Note 22**. The nature and level of risks of trade receivables are disclosed 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 estimated. In addition, TFRS 9 provides a provision for trade receivables that do not include a significant financing component. As of 31 December 2022, provision for doubtful trade receivables is amounting to **TL 178.520.730 (Note 31)** (31 December 2021: **TL 122.945.144**).

Movements of provision for doubtful receivables are as follows:

Account Name	31 December 2022	31 December 2021
Beginning of the Period – 1 January	(122.945.144)	(89.109.949)
Provisions no longer required	3.783.719	1.120.428
Reversals	843.472	18.164.072
Currency translation differences (*)	(24.412.992)	(51.909.209)
Increases during the period	(35.789.785)	(1.210.486)
End of the period – 31 December	(178.520.730)	(122.945.144)

As of 31 December 2022 and 2021, the Group has no long-term trade receivables.

(*) Foreign exchange losses amounting to TL 24.412.992 arising from provision for doubtful trade receivables is offset from foreign exchange gains from doubtful trade receivables and therefore, currency translation differences has no effect on profit for the period (31 December 2021: TL 51.909.209).

As of 31 December 2022 and 2021, the functional breakdown and detailed analysis of short-term trade payables are as follows:

Account Name	31 December 2022	31 December 2021
Trade Payables to Third Parties	1.870.642.588	1.133.817.712
- Suppliers	1.874.269.100	1.134.247.251
- Notes Payable	716.257	-
- Discount on Notes Payable	(4.342.769)	(429.539)
Trade Payables to Related Parties	-	-
- Related Parties	-	-
Short-term trade payables, net	1.870.642.588	1.133.817.712

As of 31 December 2022, the average turnover period for trade payables is 15 days (31 December 2021: 17 days).

As of 31 December 2022 and 2021, the Group has no long-term trade payables.

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NOTE 11 - OTHER RECEIVABLES AND PAYABLES

As of 31 December 2022 and 2021, the functional breakdown and detailed analysis of short-term other receivables are as follows:

Account Name	31 December 2022	31 December 2021
Deposits and Guarantees Given	21.785.728	26.639.459
Receivables from Tax Office (*)	131.248.492	87.773.170
Due from Employees	1.770.018	1.047.687
Other	2.318.574	1.462.528
Short-term other receivables, net	157.122.812	116.922.844

(*) Includes VAT refunds from tax office. The Group has been applied for tax refunds amounting to TL 79.580.262 for offsetting or paid in cash and the VAT refund repayments are completed or in progress during the period.

As of 31 December 2022 and 2021, the breakdown of long-term other receivables is as follows:

Account Name	31 December 2022	31 December 2021
Deposits and Guarantees Given	4.510.348	690.775
Long-term other receivables, net	4.510.348	690.775

As of 31 December 2022 and 2021, the functional breakdown of short-term other payables is as follows:

Account Name	31 December 2022	31 December 2021
<i>Other Payables to Third Parties</i>	23.455.771	19.446.169
<i>Other</i>	15.689.916	17.686.536
<i>Deposits and Guarantees Received</i>	5.712.950	36.267
<i>Taxes Payables</i>	1.762.897	1.598.249
<i>Other Liabilities</i>	290.008	125.117
Short-term other payables, net	23.455.771	19.446.169

As of 31 December 2022 and 2021, the Group has no long-term other payables.

NOTE 12 - EMPLOYEE BENEFITS

As of 31 December 2022 and 2021, the breakdown of employee benefits is as follows:

Account Name	31 December 2022	31 December 2021
Due to Employees	4.160.315	1.053.133
Taxes Payables	30.158.242	15.873.730
SSI Premium Payables	8.222.137	3.477.561
Total	42.540.694	20.404.424

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NOTE 13 - INVENTORIES

As of 31 December 2022 and 2021, the breakdown of inventories is as follows:

Account Name	31 December 2022	31 December 2021
Raw Materials and Supplies	606.386.116	376.379.232
Semi-Finished Goods	838.655.815	538.953.479
Finished Goods	1.188.633.144	740.696.946
Merchandise	2.731.384	6.781.070
Other Inventories	23.081.370	18.959.953
Total	2.659.487.829	1.681.770.680

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 2022 and 2021, 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 determined that there is no provision for impairment on inventories incurred during the period.

NOTE 14 - DERIVATIVE INSTRUMENTS

As of 31 December 2022 and 2021, the detailed analysis of derivative instruments is as follows:

31 December 2022

As of 31 December 2022, the Group has forward foreign exchange purchase and sales contracts with a purchase feature of USD 916.820 against sales of GBP 800.000 and forward foreign exchange purchase and sale contracts with a purchase feature of USD 231.470 against a sales of EUR 200.000. Besides, the Group has a foreign exchange contract with a sales feature of TL 550.965.230 denominated in foreign exchange equivalent with a purchase feature of TL 28.860.128. The Group has liabilities arising from derivative instruments amounting to TL 6.060.667 arising from these contracts.

In addition, the Group has USD 15.592.143, EURO 9.174.716 purchase and USD 15.838.936, EURO 9.084.912 sales commitments, respectively 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 2.203.902 arising from aforementioned contracts. As of the balance sheet date, the Group has a net liability amounting to TL 3.856.765 due to the actual deliveries based on the delivery commitments.

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, respectively 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 aforementioned 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.

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

	31 December 2022		31 December 2021	
	Asset	Liability	Asset	Liability
Forward Contracts	-	(6.060.667)	1.410.345	-
Commodity Swaps as Hedge Instruments	2.203.902	-	4.251.400	-
Total	2.203.902	(6.060.667)	5.661.745	-

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND****FOR THE YEAR ENDED 31 DECEMBER 2022**

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NOTE 15 - CONSTRUCTION CONTRACTS

None.

NOTE 16 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

As of 31 December 2022 and 2021, investments accounted for using the equity method of the associate are as follows:

31 December 2022

Associate	Effective Ownership Interest held by Sarkuysan (%)	Provision for Impairment	31 December 2022 Net Position in the Consolidated Statement of Financial Position
Demisaş	44.44	-	10.450.202
Total		-	10.450.202

31 December 2021

Associate	Effective Ownership Interest held by Sarkuysan (%)	Provision for Impairment	31 December 2021 Net Position in the Consolidated Statement of Financial Position
Demisaş	44.44	-	68.393.675
Total		-	68.393.675

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

	1 January - 31 December 2022	1 January - 31 December 2021
Beginning of the period – 1 January	68.393.675	58.557.552
Share of profit for the period	(51.295.355)	10.404.825
Capital increases (+)	-	-
Share of other comprehensive income	(6.648.118)	(568.702)
End of the period – 31 December	10.450.202	68.393.675

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

	31 December 2022	31 December 2021
Total Assets	1.143.386.984	575.963.743
Total Liabilities and Equity	147.542.568	190.627.707
Revenue	1.409.162.831	680.882.749

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NOTE 17 - INVESTMENT PROPERTIES

Land and buildings that are held for rental yields or for capital appreciation or both rather than held in the production or supply of goods or services or for administrative purposes or for the sale in the ordinary course of business are classified as "investment property".

The Group carried 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 are presented at their fair values in the accompanying consolidated financial statements. As of 31 December 2022 and 2021, the details of investment properties are as follows:

31 December 2022

Carrying value	Opening Balance 1 - January 2022	Changes in Fair Value	Transfers (P&PE)	Additions	Disposals (-)	Closing Balance - 31 December 2022
Land:	30.500.000	46.234.000	-	-	-	76.734.000
Land	30.500.000	46.234.000	-	-	-	76.734.000
Buildings:	123.585.000	225.018.730	-	-	(3.403.730)	345.200.000
Gebze Warehouse	27.320.000	60.485.000	-	-	-	87.805.000
Gebze Building and Warehouse	45.100.000	105.550.000	-	-	-	150.650.000
Kuyumcukent Workshop and Store	6.610.000	2.833.730	-	-	(3.403.730)	6.040.000
Pendik Facilities	38.915.000	46.450.000	-	-	-	85.365.000
Perpa Head Office	5.640.000	9.700.000	-	-	-	15.340.000
TOTAL	154.085.000	271.252.730	-	-	(3.403.730)	421.934.000

31 December 2021

Carrying value	Opening Balance 1 - January 2021	Changes in Fair Value	Transfers (P&PE)	Additions	Disposals (-)	Closing Balance - 31 December 2021
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 Warehouse	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

As of 31 December 2022 and 2021, the functional breakdown and detailed list of investment properties are as follows:

31 December 2022

Province	District	Town/Neighborhood	Deed of Investment Property (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 Neighbourhod	7.135	28.07.1998
Kocaeli (d)	Dilovası	Tepecik Neighbourhod	14.707	28.07.1998
Kocaeli (e)	Gebze	Duraklı Village	23.901	09.07.1997
Kocaeli (e)	Gebze	Duraklı Village	7.348	09.07.1997
Kocaeli (e)	Gebze	Duraklı Village	8.510	09.07.1997
İstanbul (f)	Şişli	Kaptanpaşa	493	26.11.1997 and 25.08.2000
İstanbul (g)	Bahçelievler	Yenibosna	62	24.06.2009
Sakarya (h)	Erenler	Ekinli Neighbourhood	5.600	15.05.2000

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31 December 2021

Province	District	Town/Neighborhood	Deed of Investment Property (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)	Darıca	Darıca 2	4.248	06.08.2004
Kocaeli (c)	Darıca	Darıca 2	1.515	31.08.2009
Kocaeli (d)	Dilovası	Tepecik Neighborhood	7.135	28.07.1998
Kocaeli (d)	Dilovası	Tepecik Neighborhood	14.707	28.07.1998
Kocaeli (e)	Gebze	Duraklı Village	23.901	09.07.1997
Kocaeli (e)	Gebze	Duraklı Village	7.348	09.07.1997
Kocaeli (e)	Gebze	Duraklı Village	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 Neighborhood	5.600	15.05.2000

Land:

- a. The ownership right and zoning information for Kocaeli Province, Gebze District İstasyon Neighborhood, 5739 block 14 parcel and 5741 block 16 parcel, 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 February 24, 2023 and numbered 2022REV1045, and the fair value of the land is amounting to TL 238.455.000 according to the market comparison approach.
- b. As of the reporting date, there has been no mortgage or pledge on the facilities in Ortamahalle District, Kavşak Street, No:8, Pendik - İstanbul. (10282 block, parcel numbered 3). 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 has not been any change incurred in property right for the parcel of land at least 3 years. The valuation was made in accordance with the report of TSKB Gayrimenkul Değerleme A.Ş., dated February 24, 2023 and numbered 2022REV1046, and the fair value of the facility is amounting to TL 85.365.000 according to the market comparison approach.
- c. The Group has land in 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 which was classified under "investment properties" in the accompanying consolidated financial statements. 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 appraisal 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 relevant 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 February 24, 2023 and numbered 2022REV1047, and the fair value of the land is amounting to TL 54.750.000 according to the market comparison approach.
- d. Group has land parcel numbered 17 and 18 in Kocaeli province, Dilovası district, Tepecik Village, parcel numbered 11 and parcel 12. While parcel numbered 17 was 7.050 m² before the study, it became 7.135 m² after parcel numbered 108 became real estate, while parcel no 18 was 14.800 m² before the study, and it became 14.707 m² after it became a property on block numbered 108 which was classified under "investment properties" in the accompanying consolidated financial statements. 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. There has been no mortgage or pledge on the aforementioned parcel as of the report date. 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

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February 24, 2023 and numbered 2022REV1049, and the fair value of the land is amounting to TL 11.825.000 according to the market comparison approach.

- e. The Group has land in Kocaeli province, Gebze district, Duraklı Village Domdömpınarı area, on a land of 23.888 m² 7 plots - parcel numbered 1128, 7 plots with a surface area of 7.360 m² - parcel numbered 1135 and 8.620 m² 8 plots with a surface area of parcel numbered 1155, while parcel numbers 1135, 1155 and 1128 are parcels with block numbered 189, parcel numbered 198 and 199, respectively. Before parcel numbered 1135 it was 7.360 m² and parcel numbered 189, it was considered as parcel numbered 34, 7.348 m², after relevant parcel plan realised which was classified under "investment properties" in the accompanying consolidated financial statements. After it became a real estate, it became a land of 23,901 m². As of the report date, the land parcel numbered 46 with 3.585 m² owned by Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş. There has been no mortgage or pledge on the aforementioned parcel as of the report date. 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 February 24, 2023 and numbered 2022REV1050, and the fair value of the land is amounting to TL 8.955.000 according to the market comparison approach.
- f. The Group has investment property consists of independent sections of "A Block 111" and "B Block 978 and 980" in Perpa Trade Center in Şişli/İstanbul, which was classified under "investment properties" in the accompanying consolidated financial statements. 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 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 in accordance with the the investigations carried out in Şişli Municipality Zoning Directorate. In the researches, it has been determined that there has been no change incurred in the ownership 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 January 20, 2023 and numbered 2022REV1051, and the fair value of the relevant independent sections is amounting to TL 15.340.000 according to the market comparison approach.
- g. The Group has investment property consists of independent sections numbered 1412 and M Block 209 in Kuyumcukent Business Center in Bahçelievler/İstanbul, which was classified under "investment properties" in the accompanying consolidated financial statements. 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 by Bahçelievler Zoning Directorate on 12.02.2019, it was understood that the parcel numbered 1542, where the investment property subject to appraisal are located and remained within the 1 / 1.000 scale "Bahçelievler Revision Implementation Zoning Plan". The valuation was made in accordance with the report of TSKB Gayrimenkul Değerleme A.Ş., dated February 24, 2023 and numbered 2022REV1055, and the fair value of the relevant independent sections is amounting to TL 6.040.000 according to the market comparison approach.
- h. It represents an agricultural land of 5.600 m² located in Erenler/Sakarya which was classified under "investment properties" in the accompanying consolidated financial statements. 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 TSKB Gayrimenkul Değerleme A.Ş., dated February 24, 2023 and numbered 2022REV1054, and the fair value of the land is amounting to TL 1.204.000 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 is disclosed in **Note 22**

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NOTE 18 - PROPERTY, PLANT AND EQUIPMENT

As of 31 December 2022 and 2021, the movements for property, plant and equipment, and related depreciation are as follows:

31 December 2022

Cost	Opening Balance 1 - January 2022	Currency Translation Differences	Transfers	Additions	Disposals	Closing Balance - 31 December 2022
Land	80.285.678	7.455.267	-	9.765.985	-	97.506.930
Land Improvements	3.111.449	-	-	435.573	-	3.547.022
Buildings	194.442.550	44.136.836	-	2.498.409	-	241.077.795
Machinery, Plant and Equipment	738.895.940	156.109.233	-	29.578.993	(3.590.166)	920.994.000
Motor Vehicles	15.494.346	1.364.446	-	8.348.308	-	25.207.100
Furniture and Fixtures	12.613.454	1.887.910	-	2.094.454	(67.460)	16.528.358
Other Property, Plant and Equipment	8.181.592	-	-	513.238	-	8.694.830
Constructions in Progress	12.696.876	196.932.186	-	32.349.096	-	241.978.158
Leasehold Improvements	8.143.195	2.828.282	-	-	-	10.971.477
Property, Plant and Equipment 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	1.096.840.287	410.714.160	-	85.584.056	(3.657.626)	1.589.480.877

Accumulated Depreciation	Opening Balance 1 - January 2022	Currency Translation Differences	Transfers	Current Period Depreciation	Disposals	Closing Balance - 31 December 2022
Land Improvements	(1.847.850)	-	-	(105.106)	-	(1.952.956)
Buildings	(41.432.837)	(6.467.323)	-	(5.201.801)	-	(53.101.961)
Machinery, Plant and Equipment	(490.309.096)	(75.432.070)	-	(36.706.888)	3.520.249	(598.927.805)
Motor Vehicles	(9.050.789)	(674.114)	-	(2.445.341)	-	(12.170.244)
Furniture and Fixtures	(7.540.978)	(808.134)	-	(1.130.661)	7.691	(9.472.082)
Other Property, Plant and Equipment	(7.968.261)	-	-	(139.514)	-	(8.107.775)
Leasehold Improvements	(4.058.691)	(1.227.324)	-	(184.500)	-	(5.470.515)
Property, Plant and Equipment Acquired Through Finance Leases	(11.913.461)	-	-	(462.169)	-	(12.375.630)
Total	(574.121.963)	(84.608.965)	-	(46.375.980)	3.527.940	(701.578.968)

Net Book Value	522.718.324	887.901.909
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31 December 2021

Cost	Opening Balance 1 - January 2021	Currency Translation Differences	Transfers	Additions	Disposals	Closing Balance - 31 December 2021
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
Property, Plant and Equipment 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	Opening Balance 1 - January 2021	Currency Translation Differences	Transfers	Current Period Depreciation	Disposals	Closing Balance - 31 December 2021
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)
Property, Plant and Equipment 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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Property, plant and equipment 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 is 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 property, plant and equipment 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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Right of Use Assets**31 December 2022**

Account Name	Opening Balance 1 - January 2022	Additions	Disposals (-)	TFRS 16 Initial Recognition	Closing Balance - 31 December 2022
Buildings and Land and Land Improvements	129.354	893.018	(129.354)	-	893.018
Machinery, Plant and Equipment	1.427.944	-	-	-	1.427.944
Motor Vehicles	-	-	-	-	-
Total	1.557.298	893.018	(129.354)	-	2.320.962

Accumulated Depreciation

Account Name	Opening Balance 1 - January 2022	Current Period Depreciation	Disposals (-)	TFRS 16 Initial Recognition	Closing Balance - 31 December 2022
Buildings and Land and Land Improvements	(73.417)	-	73.417	-	-
Machinery, Plant and Equipment	(611.976)	(285.510)	-	-	(897.486)
Motor Vehicles	-	-	-	-	-
Total	(685.393)	(285.510)	73.417	-	(897.486)

Net Book Value

871.905

1.423.476

31 December 2021

Account Name	Opening Balance 1 - January 2021	Additions	Disposals (-)	TFRS 16 Initial Recognition	Closing Balance - 31 December 2021
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	Opening Balance 1 - January 2021	Current Period Depreciation	Disposals (-)	TFRS 16 Initial Recognition	Closing Balance - 31 December 2021
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

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NOTE 19 - INTANGIBLE ASSETS

As of 31 December 2022 and 2021, the movements for intangible assets, and related depreciation are as follows:

31 December 2022

Cost	Opening Balance 1 - January 2022	Currency Translation Differences	Transfers	Additions	Disposals (-)	Closing Balance - 31 December 2022
Rights	28.356.791	360.267	-	23.846	-	28.740.904
Development Costs	3.293.659	-	-	-	-	3.293.659
Other Intangible Assets	177.495	-	-	-	-	177.495
Total	31.827.945	360.267	-	23.846	-	32.212.058

Accumulated Depreciation	Opening Balance 1 - January 2022	Currency Translation Differences	Transfers	Current Period Depreciation	Disposals (-)	Closing Balance - 31 December 2022
Rights	(22.873.310)	(353.487)	-	(633.486)	-	(23.860.283)
Development Costs	(3.293.657)	-	-	-	-	(3.293.657)
Other Intangible Assets	(177.493)	-	-	-	-	(177.493)
Total	(26.344.460)	(353.487)	-	(633.486)	139.870	(27.331.433)

Net Book Value	5.483.485	4.880.625
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31 December 2021

Cost	Opening Balance 1 - January 2021	Currency Translation Differences	Transfers	Additions	Disposals (-)	Closing Balance - 31 December 2021
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	Opening Balance 1 - January 2021	Currency Translation Differences	Transfers	Current Period Depreciation	Disposals (-)	Closing Balance - 31 December 2021
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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NOTE 20 - GOODWILL

None.

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. The New Decree provides a number of important incentives for investments in Turkey (the "New Incentive Package"). The New Decree will be applied retroactively to investments for which an incentive certificate application was made subsequent to 1 January 2012.

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NOTE 22 – PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS*22.1 Provisions*

Account Name	31 December 2022	31 December 2021
Provisions for Employee Benefits	41.900.416	31.371.190
Provision for Premiums and Bonuses	27.348.322	24.758.065
Provision for Unused Vacation	14.552.094	6.613.125
Provision for Employment Termination Benefits	-	-
Other Short Term Provisions	1.284.619	5.924.555
Provision for Lawsuits	205.000	1.320.000
Other	1.079.619	4.604.555
Total	43.185.035	37.295.745

31 December 2022

	Provision for Lawsuits	Provision for Premiums and Bonuses	Provision for Unused Vacation	Provision for Employment Termination Benefits	Other	Total
Beginning of the period – 1 January	1.320.000	24.758.065	6.613.125	-	4.604.555	37.295.745
Additions	205.000	27.348.322	7.938.969	-	1.079.619	36.571.910
Payments during the period	(1.320.000)	(24.758.065)	-	-	(4.604.555)	(30.682.620)
End of the period – 31 December	205.000	27.348.322	14.552.094	-	1.079.619	43.185.035

31 December 2022

	Provision for Lawsuits	Provision for Premiums and Bonuses	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

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 2022**

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 2022, the Group has provision for doubtful receivables amounting to TL 178.520.730. In addition, the Group has provision for lawsuits amounting to TL 205.000 in the accompanying consolidated financial statements for the lawsuits filed against the Group.

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.

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22.3 Commitments not included in the liability

Type	Currency	31 December 2022	31 December 2022	31 December 2021	31 December 2021
		Original Currency Amount	TL Equivalent	Original Currency Amount	TL Equivalent
Letter of Guarantees Given (Sarkuysan)	TL	-	52.771.489	-	32.641.016
Letter of Guarantees Given (Sarkuysan)	USD	3.464.000	64.770.911	3.611.212	48.133.844
Letter of Guarantees Given (Sarkuysan)	EURO	14.802.000	295.076.390	23.825.550	359.448.925
Letter of Guarantees Given (Sarkuysan)	GBP	7.897.500	177.608.457	-	-
Letter of Guarantees Given (Sarmakina)	TL	-	744.187	-	492.616
Letter of Guarantees Given (Sarmakina)	USD	6.900	129.018	24.845	331.159
Letter of Guarantees Given (Sarmakina)	EURO	384.300	7.660.982	150.600	2.272.057
Letter of Guarantees Given (Sarda)	TL	-	32.600.000	-	26.030.000
Letter of Guarantees Given (Ege Free Trade Zone)	TL	-	17.595	-	23.853
TOTAL LETTER OF GUARANTEES GIVEN			631.379.029		469.373.470
Bill of Guarantees Given (Sarkuysan)	TL	-	18.587.342	-	18.587.342
Bill of Guarantees Given (Sarkuysan)	EURO	500.000	9.967.450	500.000	7.543.350
Bill of Guarantees Given (Sarkuysan)	USD	2.000.000	37.396.600	2.000.000	26.658.000
TOTAL BILL OF GUARANTEES GIVEN			65.951.392		52.788.692
Letter of Guarantees Received (Sarda)	TL	-	18.855.000	-	13.455.000
Letter of Guarantees Received (Sarda)	EURO	4.200.000	83.726.580	2.200.000	33.190.740
Letter of Guarantees Received (Sarmakina)	TL	-	1.224.017	-	723.997
Letter of Guarantees Received (Sarmakina)	EURO	173.250	3.453.721	-	-
Letter of Guarantees Received (Sarkuysan)	TL	-	27.739.500	-	9.960.000
Letter of Guarantees Received (Sarkuysan)	USD	6.308.500	117.958.226	6.178.250	82.349.894
Letter of Guarantees Received (Sarkuysan)	EURO	2.515.000	50.136.274	-	-
TOTAL LETTER OF GUARANTEES RECEIVED			303.093.318		139.679.631
Cheques Received (Sarkuysan)	TL	-	67.700	-	67.700
Cheques Received (Sarkuysan)	USD	-	-	20.000	266.580
Cheques Received (Sarkuysan)	EURO	-	-	-	-
TOTAL CHEQUES RECEIVED			67.700		334.280
Notes of Guarantees Received (Sarkuysan)	TL	-	23.559.386	-	23.659.386
Notes of Guarantees Received (Sarkuysan)	USD	19.150.000	358.072.445	19.150.000	255.250.350
Notes of Guarantees Received (Sarkuysan)	EURO	60.325	1.202.573	60.325	910.105
Notes of Guarantees Received (Sarda)	TL	-	150.000	-	150.000
TOTAL NOTES OF GUARANTEES RECEIVED			382.984.404		279.969.841
Mortgages Received (Sarkuysan)	TL	-	50.000.000	-	53.600.000
TOTAL MOTGAGES RECEIVED			50.000.000		53.600.000
Notes of Guarantees and Bonds Given (Sarkuysan)	USD	-	-	17.332.500	231.024.892
Notes of Guarantees and Bonds Given (Sarkuysan)	EURO	386.000	7.694.871	27.836.250	419.957.153
Notes of Guarantees and Bonds Given (Sarkuysan)	GBP	-	-	9.194.125	165.188.086
Notes of Guarantees and Bonds Given (Sarkuysan)	TL	-	116.850.000	-	116.593.750
TOTAL NOTES OF GUARANTEES AND BONDS GIVEN			124.544.871		932.763.881
Sarkuysan Guarantees of Factoring(Guarantees Rec.)	USD	427.226	7.988.400	289.967	3.864.976
Sarkuysan Guarantees of Factoring(Guarantees Rec.)	EURO	128.269	2.557.025	18.172.039	274.156.101
Sarkuysan Guarantees of Factoring(Guarantees Rec.)	GBP	482.566	10.852.522	7.093.216	127.441.686
Sarkuysan Direct Debiting System Guarantee (Guarantees Rec.)	USD	300.000	5.609.490	-	-
Sarkuysan Direct Debiting System Guarantee (Guarantees Rec.)	TL	-	233.128.000	-	144.078.000
Sarkuysan Exim Guarantee (Guarantees Rec.)	EUR	118.037.000	2.353.055.791	6.575.000	99.195.053
Sarkuysan Exim Guarantee (Guarantees Rec.)	GBP	18.150.000	408.178.980	-	-
Sarkuysan Exim Guarantee (Guarantees Rec.)	TL	-	18.060.000	-	-
Sarkuysan Exim Guarantee (Guarantees Rec.)	USD	77.175.000	1.443.041.303	132.280.000	1.763.160.120
Sarda Exim Guarantee (Guarantees Rec.)	TL	-	-	-	74.350.000
Sarda Exim Guarantee (Guarantees Rec.)	EUR	12.080.000	240.813.592	5.180.000	78.149.106
Sarda Exim Guarantee (Guarantees Rec.)	USD	10.275.000	192.125.033	6.700.000	89.304.300
Sarda Exim Guarantee (Guarantees Rec.)	GBP	-	-	-	-
Sarda Hermes Guarantee (Guarantees Rec.)	EUR	-	-	340.000	5.129.477
Sarda Hermes Guarantee (Guarantees Rec.)	USD	1.487.500	27.813.721	1.140.000	15.195.060
Sark Wire Atradius Guarantee (Guarantees Rec.)	USD	-	-	-	-
Sarkuysan Euler Hermes Guarantee (Guarantees Rec.)	USD	-	-	20.660.000	275.377.140
TOTAL OTHER GUARANTEES RECEIVED			4.943.223.857		2.949.401.019

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The amount of cheques received consist of cheques received from suppliers for service procurements incurred.

Letter of guarantees received include guarantes obtained from customers.

The amount of letter of guarantees received is amounting to TL 4.690.432 consist of suppliers for service procurements, while the remaining letter of guarantees received is amounting to TL 378.293.971 consists of customers.

Letter of guarantees given include amounting to TL 6.484.827 to Large Taxpayers Tax Office, TL 5.000.000 to Undersecretariat of Customs, TL 568.578.593 to Eximbank, TL 3.575.000 to Gazport A.Ş., TL 3.007.155 to Sakarya Elektrik Dağıtım A.Ş., TL 500.000,00 to the Energy Market Regulatory Board, TL 7.257.000 to Ministry of Customs and Trade, TL 24.620.600 to the Ministry of Trade, TL 1.226.828 to Birlik Organized Industrial Zone, TL 49.000 to Dilovası Customs Office and TL 11.080.027 to Other Public Institutions.

The total amount of security bonds and bills that were provided include guarantees given to Eximbank.

Bill of guarantees and guarantees given by the Group include as TL 6.342 was given to Bektaş, TL 9.967.450 (EUR 500.000) and TL 211.000 to Sarmakina, TL 18.370.000 to Sarda and TL 37.396.600 (USD 2.000.000) to Sark Wire Corp in accordance with the full consolidation method.

31 December 2021

Cheques received is amounting to TL 67.700 consist of suppliers for service procurements, while the remaining amount consists of cheques received from customers.

Letter of guarantees received include guarantes obtained from customers.

The amount of letter of guarantees received is amounting to TL 4.497.964 consist of suppliers for service procurements, while the remaining letter of guarantees received is amounting to TL 275.471.877 consists of customers.

Letters of guarantee given include amounting to TL 2.524.827 to Large Taxpayers Tax Office, TL 5.000.000 to Undersecretariat 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.

Bill of guarantees and guarantees given by the Group include as 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.

22.4 Insurance Coverage on Assets**31 December 2022**

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 2022 - 31 December 2023	USD		126.205.264
Motor Vehicles	Group Companies	Ak Sigorta A.Ş.	31 December 2022 - 31 December 2023	TL	37.313.588	
Machinery and Fixture	Group Companies	Ak Sigorta A.Ş.	31 December 2022 - 31 December 2023	USD		131.736.200
Theft	Group Companies	Ak Sigorta A.Ş.	31 December 2022 - 31 December 2023	USD		200.000
USD Total						258.141.464
TL Total						37.313.588

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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

22.5 Ratio of guarantees and mortgages to equity

As of 31 December 2022 and 2021, the Group's collaterals/pledges/mortgages/bill of guarantees ("C&P&M&B") position is as follows:

Collaterals, Pledges, Mortgages/Bill of Guarantees Given by the Group	31 December 2022	31 December 2022	31 December 2021	31 December 2021
	Original Currency Amount	TL Equivalent	Original Currency Amount	TL Equivalent
A. Total amount of CPMB's given in the name of its own legal personality	-	755.923.901	-	1.402.137.352
Letter of Guarantee (TL)	-	86.133.271	-	59.187.484
Letter of Guarantee (EURO)	15.186.300	302.737.372	23.976.150	361.720.982
Letter of Guarantee (USD)	3.470.900	64.899.929	3.636.057	48.465.004
Letter of Guarantee (GBP)	7.897.500	177.608.457	-	-
Mortgages (TL)	-	-	-	-
Mortgages (EURO)	-	-	-	-
Cheques (TL)	-	-	-	-
Cheques (USD)	-	-	-	-
Guarantee Notes and Bond (TL)	-	116.850.000	-	116.593.750
Guarantee Notes and Bond (USD)	-	-	17.332.500	231.024.893
Guarantee Notes and Bond (EURO)	386.000	7.694.871	27.836.250	419.957.153
Guarantee Notes and Bond (GBP)	-	-	9.194.125	165.188.086
Pledges (TL)	-	-	-	-
B. Total amount of CPMB's given on behalf of the fully consolidated subsidiaries	-	65.951.392	-	52.788.692
Bill of Guarantees (TL)	-	18.587.342	-	18.587.342
Bill of Guarantees (EURO)	500.000	9.967.450	500.000	7.543.350
Bill of Guarantees (USD)	2.000.000	37.396.600	2.000.000	26.658.000
Mortgages (TL)	-	-	-	-
C. Total amount of CPMB's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPMB's given	-	-	-	-
Total		821.875.293		1.454.926.044

The ratio of other CPMB's given by the Group to its equity is 0%: (31 December 2021: 0%)

NOTE 23 - COMMITMENTS

None.

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NOTE 24 - PROVISIONS FOR EMPLOYEE BENEFITS

As of 31 December 2022 and 2021, the detailed analysis and functional breakdown of provisions for employee benefits are as follows:

Account Name	31 December 2022	31 December 2021
Provision for Employment Termination Benefits	183.079.874	81.298.243
- Long Term Provision for Employment Termination Benefits	183.079.874	81.298.243
Provision for Premium and Bonuses	27.348.322	24.758.065
Provision for Unused Vacation	14.552.094	6.613.125
Total	224.980.290	112.669.433

Under Turkish Labour Law, Sarkuysan and its subsidiaries and associates incorporated in Turkey 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 2022, the amount payable consists of one month's salary limited to a maximum of TL 19.982,83 (31 December 2021: TL 10.848,59) 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 entity'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 2022, 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 2022, the provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 22.00% and an interest rate of 26.00%, resulting in a discount rate of 3.28% (31 December 2021: 3.85% discount rate). As of the 31 December 2022, turnover rate to estimate the probability of retirement is 99.21%. (31 December 2021: 99.60%). The estimates are revised during the period by the Group management.

Movements in the provision for employment termination benefits are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Beginning of the Period – 1 January	81.298.243	59.943.241
Service Cost	12.131.068	5.511.731
Interest Cost	10.443.993	7.650.207
Actuarial gains /(losses)	82.586.570	10.972.084
Losses on remeasurements of defined benefit plans	2.082.959	228.276
Payments during the period (-)	(5.462.959)	(3.007.296)
End of the period – 31 December	183.079.874	81.298.243

As of the 31 December 2022, provision for employment termination benefit is amounting to TL 19.195.061 (31 December 2021: TL 13.390.215) and the functional breakdown is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Production Cost	(17.604.524)	(10.157.152)
Marketing, Sales and Distribution Expenses	(1.141.241)	(585.383)
General Administrative Expenses	(5.912.255)	(2.706.919)
Research and Development Expenses	-	(108.170)
Provision for Employment Termination Benefits (Provision No Longer Required)	5.462.959	167.409
Amount Recognized in Profit or Loss, net	(19.195.061)	(13.390.215)

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	1 January - 31 December 2022	1 January - 31 December 2021
Actuarial (Gains) /Loss Recognized in Other Comprehensive Income (Taxable)	(82.586.570)	(10.972.084)
Tax Effect 20%	16.370.893	2.190.615
Actuarial (Gains)/ Losses, net	(66.215.677)	(8.781.469)

NOTE 25 - RETIREMENT PLANS

None.

NOTE 26 - OTHER ASSETS AND LIABILITIES

As of 31 December 2022 and 2021, the breakdown of short and long-term prepaid expenses is as follows:

Account Name	31 December 2022	31 December 2021
Short-Term Prepaid Expenses	30.485.530	12.418.571
Advances Given	459.028.733	101.273.252
Business Cash Advances	-	42.229
Total Prepaid Expenses (Current Assets)	489.514.263	113.734.052
Advances Given for Non-Current Assets	7.018.360	2.617.713
Total Prepaid Expenses (Non-Current Assets)	7.018.360	2.617.713

As of 31 December 2022 and 2021, the breakdown of other current assets is as follows:

Account Name	31 December 2022	31 December 2021
Deferred VAT	14.510.938	2.157.336
Advances Given to Employee	166.852	195.583
Income Accruals	412.200	1.652
Other	2.120.769	1.036.609
Other current assets, net	17.210.759	3.391.180

As of 31 December 2022 and 2021, the Group has no other non-current assets.

As of 31 December 2022 and 2021, the breakdown of deferred income is as follows:

Account Name	31 December 2022	31 December 2021
Deferred Income from Third Parties	176.520.300	187.909.673
- <i>Advances Received</i>	176.520.300	187.909.673
Deferred income, net	176.520.300	187.909.673

As of 31 December 2022 and 2021, the Group has no other current and non-current liabilities.

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NOTE 27 - EQUITY**27.1 Non-Controlling Interests**

	31 December 2022	31 December 2021
Non-Controlling Interests	1.967.029	1.050.059
Total	1.967.029	1.050.059

Movements of non-controlling interests are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Beginning of the Period – 1 January	1.050.059	680.755
Share of Profit for the Period	1.196.838	477.464
Dividend Distribution	(222.853)	(107.934)
Currency Translation Differences	6.493	6.410
Actuarial Gains/Losses on Employment Termination Benefits	(63.508)	(6.636)
End of the Period – 31 December	1.967.029	1.050.059

27.2 Share Capital / Capital Adjustments Due to Cross-Ownership

The share capital of the Group comprise of 40.000.000.000 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 class of shares and the privileges is as follows:

31.12.2022

	Nominal Value	Number of Outstanding Shares
Class A Shares	20	2.000
Class B Shares	399.999.980	39.999.998.000
Total	400.000.000	40.000.000.000

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

All of the Class A shares consist of registered shares, and 5 members of the 14-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. 5 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 400.000.000.

Capital increases during the period:

Sarkuysan adopted the registered share capital system. In accordance with the decision of the Board of Directors on 10 May 2022, the Group increased its current issued share capital from TL 300.000.000 to TL 400.000.000 and increased share capital was paid from internal funding resources. The aforementioned capital increase was authorised by the Capital Markets Board ("CMB") on 10 June 2022 numbered E-29833736-105.01.01.01-22616.

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27.3 Other Comprehensive Income/Expenses not to be Reclassified to Profit or Loss

As of 31 December 2022 and 2021, the breakdown of other comprehensive income/expenses not to be reclassified to profit or loss recognized in equity is as follows:

Account Name	31 December 2022	31 December 2021
Actuarial Gains/Losses, net	(87.774.893)	(21.622.724)
Investment Properties Revaluation Surplus	23.800.684	23.800.684
Property, Plant and Equipment Revaluation Surplus	-	-
Gains/losses on revaluation and remeasurement	(63.974.209)	2.177.960
<i>Share of other comprehensive income/(expenses) of investments accounted for using the equity method (Note 16)</i>	<i>(8.946.761)</i>	<i>(2.298.643)</i>
Other Comprehensive Income/Expenses not to be Reclassified to Profit or Loss, net	(72.920.970)	(120.683)

The movement of other comprehensive income/expenses not to be reclassified to profit or loss is as follows:

31 December 2022

	Actuarial Gains/ Losses (**)	Investment Properties Revaluation Surplus (*)	Other Gains/ Losses (***)	Total
Beginning of the Period - 1 January	(21.622.724)	23.800.684	(2.298.643)	(120.683)
Additions	-	-	-	-
Transfer to Retained Earnings	-	-	-	-
Actuarial Gains/Losses on Employment Termination Benefits	(82.586.570)	-	-	(82.586.570)
Deferred Tax Offset (-)	16.370.893	-	(6.648.118)	9.722.775
Effect of Non-Controlling Interests, net	63.508	-	-	63.508
End of the Period – 31 December	(87.774.893)	23.800.684	(8.946.761)	(72.920.970)

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)

(*) The Group's investment property carried recognized at their fair value in the consolidated financial statements. 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 liability related to capital appreciation is offset from revaluation surplus under equity. 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 associate is recognized as investments accounted for using equity method under share of other comprehensive income.

(****) Represents Group's share of other comprehensive income of associates accounted for using the equity method.

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27.4 Other Comprehensive Income/Expenses to be Reclassified to Profit or Loss

As of 31 December 2022 and 2021, the breakdown of other comprehensive income/expenses to be reclassified to profit or loss recognized in equity is as follows:

Account Name	31 December 2022	31 December 2021
Currency translation differences	378.710.098	228.385.307
Other Comprehensive Income/Expenses to be Reclassified to Profit or Loss, net	378.710.098	228.385.307

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 2022 and 2021, is as follows:

Account Name	31 December 2022	31 December 2021
Extraordinary reserves	381.595.094	174.852.354
Special reserves	(13.071.223)	298.543
Other	172.491.160	69.995.803
Total	541.015.031	245.146.700

Publicly traded companies have special provision regarding to dividend distribution policy in accordance with the Article 19 of the Capital Market Law No. 6362 and the "Communiqué on Dividends" No. II-19.1 of the Capital Markets Board, which entered into force as of 1 February 2014. In accordance with the Communiqué, corporations have no dividend distribution obligation for shareholders whose shares are traded on the stock exchange and corporations distribute their profits by decisions of the general assembly of shareholders within the framework of their dividend distribution policies to be determined by the general assembly of shareholders and in accordance with provisions of the applicable laws and regulations.

27.7 Equity

As of 31 December 2022 and 2021, the breakdown of equity items is as follows:

Account Name	31 December 2022	31 December 2021
Paid-in Share Capital	400.000.000	300.000.000
Adjustment to Share Capital	1.020.551	1.020.551
Other Comprehensive Income/Expenses not to be Reclassified to Profit or Loss	(72.920.970)	(120.683)
<i>Gains/(Losses) on Remeasurements of</i>	<i>(87.774.893)</i>	<i>(21.622.724)</i>
<i>Defined Benefit Plans Investment Properties Revaluation Surplus</i>	<i>23.800.684</i>	<i>23.800.684</i>
<i>Other Gains and Losses</i>	<i>(8.946.761)</i>	<i>(2.298.643)</i>
Other Comprehensive Income/Expenses to be Reclassified to Profit or Loss	378.710.098	228.385.307
<i>Currency Translation Differences</i>	<i>378.710.098</i>	<i>228.385.307</i>
Restricted Reserves	157.559.021	112.525.168
Retained Earnings	541.015.031	245.146.700
Profit for the Period	1.128.721.722	553.222.655
Total Equity Holders of the Parent	2.534.105.453	1.440.179.698
Non-Controlling Interests	1.967.029	1.050.059
Total Equity	2.536.072.482	1.441.229.757

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NOTE 28 - REVENUE AND COST OF SALES

As of 31 December 2022 and 2021, the details of revenue and cost of sales is as follows:

Account Name	1 January - 31 December 2022	1 January - 31 December 2021
Domestic Sales ⁽¹⁾	13.337.156.773	6.638.020.359
Foreign Sales	14.428.063.665	7.379.475.422
Other Sales	94.857	73.227
Sales Returns (-)	(123.825.601)	(49.508.267)
Sales Discounts (-)	(235.102.449)	(104.656.619)
Revenue	27.406.387.245	13.863.404.122
Cost of Sales (-)	(25.754.276.457)	(12.984.362.428)
Gross Profit	1.652.110.788	879.041.694

⁽¹⁾ As a result of the hedge transactions carried out to provide protection against sales and purchase price movements on a one-to-one order basis, the Group has expenses amounting to TL 143.455.944 in 2022 in which is classified under revenue.

The functional breakdown of cost of sales is as follows:

Account Name	1 January - 31 December 2022	1 January - 31 December 2021
Cost of Goods Sold (-)	(25.151.119.314)	(12.806.057.213)
Cost of Merchandise Sold(-)	(521.288.365)	(114.673.488)
Cost of Services Sold (-)	(39.985.890)	(36.642.622)
Depreciation and Amortisation Charges (-)	(41.882.888)	(26.989.105)
Cost of Sales (-), net	(25.754.276.457)	(12.984.362.428)

Production Outputs	Unit of Measurement	1 January - 31 December 2022	1 January - 31 December 2021
Copper Wire	Tonne	169.209	159.652
Copper Pipe, Bars, Bronze	Tonne	17.415	16.551
Copper Bar, Plate	Tonne	418	347
Spools	Piece	12.952	12.278
Machinery Manufacturing	Piece	78	72
CTC Wire	Tonne	2.064	2.184
Enamelled Copper Wire	Tonne	10.720	9.722

Sales Volume	Unit of Measurement	1 January - 31 December 2022	1 January - 31 December 2021
Copper Wire	Tonne	168.996	160.196
Copper Pipe, Bars, Bronze	Tonne	17.340	16.196
Copper Bar, Plate	Tonne	431	440
Spools	Piece	12.654	12.793
Machinery Manufacturing	Piece	81	72
CTC Wire	Tonne	2.084	2.183
Enamelled Copper Wire	Tonne	10.611	9.789

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NOTE 29 - RESEARCH AND DEVELOPMENT EXPENSES, MARKETING SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

As of 31 December 2022 and 2021, the functional breakdown of operating expenses is as follows:

Account Name	1 January - 31 December 2022	1 January - 31 December 2021
Marketing, Sales and Distribution Expenses (-)	(132.062.161)	(66.620.345)
General Administrative Expenses (-)	(145.751.058)	(75.409.628)
Research and Development Expenses (-)	(9.135.401)	(4.059.992)
Total operating expenses, net	(286.948.620)	(146.089.965)

NOTE 30 - EXPENSES BY NATURE

As of 31 December 2022 and 2021, the functional breakdown of research and development expenses, marketing, sales and distribution expenses and general administrative expenses recognized under expenses by nature is as follows:

Marketing, Sales and Distribution Expenses	1 January - 31 December 2022	1 January - 31 December 2021
Personnel Expenses	(26.045.840)	(13.038.419)
Provision for Employment Termination Benefits	(1.141.241)	(585.383)
Information Systems and Communication Expenses	(340.794)	(250.179)
Transportation, Distribution and Storage Expenses	(78.765.948)	(40.945.474)
Advertisement and Promotion Expenses	(5.612.463)	(640.335)
Insurance Expenses	(4.063.121)	(1.835.574)
Taxes, Duties and Charges	(7.381.668)	(4.006.682)
Depreciation and Amortisation Charges	(250.819)	(353.699)
Representation and Hospitality Expenses	(78.103)	(46.619)
Motor Vehicle Expenditures	(424.043)	(239.484)
Rent Expenses	(54.356)	(24.683)
Other	(7.903.765)	(4.653.814)
Marketing, sales and distribution expenses, net	(132.062.161)	(66.620.345)

General Administrative Expenses	1 January - 31 December 2022	1 January - 31 December 2021
Personnel Expenses	(77.742.535)	(46.217.381)
Information Systems and Communication Expenses	(947.491)	(630.551)
Representation and Hospitality Expenses	(699.588)	(757.826)
Insurance Expenses	(4.543.475)	(3.526.919)
Consultancy and Audit Expenses	(24.992.961)	(3.196.396)
Maintenance and Repair Expenses	(3.153.336)	(2.133.933)
Provision for Employment Termination Benefits	(5.912.255)	(2.706.919)
Taxes, Duties and Charges	(1.989.013)	(1.540.517)
Depreciation and Amortisation Charges	(4.993.145)	(3.827.068)
Travel Expenses	(1.767.253)	(472.907)
Motor Vehicle Expenditures	(811.556)	(367.575)
Other	(18.198.450)	(10.031.636)
General administrative expenses, net	(145.751.058)	(75.409.628)

Research and Development Expenses	1 January - 31 December 2022	1 January - 31 December 2021
Personnel Expenses	(7.658.972)	(3.334.031)
Depreciation and Amortisation Charges	(168.124)	(173.780)
Outsourcing Expenses	(154.053)	(70.012)
Other	(1.154.252)	(482.169)
Research and development expenses, net	(9.135.401)	(4.059.992)

Research and development costs incurred during the period is amounting to TL 9.135.401 (1 January - 31 December 2021: TL 4.059.992). The Group has no capitalised research and development costs during the period. (1 January - 31 December 2021: None.)

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The functional breakdown of depreciation and amortisation charges recognized under consolidated statement of profit or loss is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Cost of Sales	(41.882.888)	(26.989.105)
Marketing, Sales and Distribution Expenses	(250.819)	(353.699)
General Administrative Expenses	(4.993.145)	(3.827.068)
Research and Development Expenses	(168.124)	(173.780)
Depreciation and amortisation charges, net	(47.294.976)	(31.343.652)

Fees for Services Received from Independent Auditor/Independent Audit Firms

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

	1 January - 31 December 2022	1 January - 31 December 2021
Audit fee for the reporting period	433.000	320.000
Tax consulting fee	145.000	115.000
Other service fee apart from audit	88.405	34.124
Total	666.405	469.124

NOTE 31 - OTHER OPERATING INCOME/(EXPENSES)

As of 31 December 2022 and 2021, the breakdown of other operating income/expenses is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Other Operating Income	1.582.549.414	2.249.415.277
Prior Years' Income	2.813.901	163.552
Provisions No Longer Required (Doubtful Receivables)	3.783.719	1.120.428
Rent Income	6.517.560	2.524.910
Provisions No Longer Required (Lawsuits)	1.320.000	470.000
Provisions No Longer Required (Employment Termination Benefits)	5.462.959	167.409
Interest and Discount Income	161.887.539	50.649.924
Income arising from Insurance Claims	3.627.125	769.020
Income arising from Incentives and Exemptions	584.506	1.079.069
Foreign Exchange Gains	1.393.760.452	2.181.182.651
Other	2.791.653	11.288.314
Other Operating Expenses (-)	(1.174.357.421)	(1.688.950.331)
Provision for Doubtful Receivables	(35.789.785)	(1.210.486)
Provision for Lawsuits	(205.000)	-
Idle Capacity Costs	-	-
Interest and Discount Expenses	(78.173.051)	(12.378.192)
Foreign Exchange Losses	(1.057.189.344)	(1.669.897.456)
Other	(3.000.241)	(5.464.197)
Other operating income/(expenses), net	408.191.993	560.464.946

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NOTE 32 - GAINS/ (LOSSES) FROM INVESTMENT ACTIVITIES

As of 31 December 2022 and 2021, the breakdown of gains and losses from investment activities is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Gains from Investment Activities	278.283.659	54.704.841
Gain on Sale of Property, Plant and Equipment and Intangible Assets	518.636	1.788.191
Gains on Financial Investments Revaluation Surplus	3.014.129	405.650
Dividend Income from Subsidiaries	3.498.164	3.499.000
Gains on Investment Properties Revaluation Surplus	271.252.730	49.012.000
Loss from Investment Activities (-)	(322)	(220.203)
Loss on Sale of Property, Plant and Equipment and Intangible Assets	-	(220.203)
Loss on Impairment of Financial Investments	(322)	-
Gains/(Losses) on Share of Investments Accounted for using the Equity Method (Note 16)	(51.295.355)	10.404.825
Gains/(losses) from investment activities, net	226.987.982	64.889.463

NOTE 33 - FINANCIAL INCOME / EXPENSE

As of 31 December 2022 and 2021, the breakdown of financial income is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Financial Income		
Interest Income	33.441.585	13.783.350
Foreign Exchange Gains	337.032.354	255.826.881
Financial income, net	370.473.939	269.610.231

As of 31 December 2022 and 2021, the breakdown of financial expenses is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Financial Expenses		
Interest Expenses	(172.855.099)	(143.790.258)
Foreign Exchange Losses	(682.714.895)	(691.796.806)
Bank Commissions, Fees and Charges	(90.603.465)	(29.401.989)
Financial expenses, net	(946.173.459)	(864.989.053)

NOTE 34- NON-CURRENT 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). As of 31 December 2022 and 2021, the breakdown and detailed analysis of income taxes are as follows:

Account Name	1 January - 31 December 2022	1 January - 31 December 2021
Current period tax expense	(247.275.433)	(194.655.958)
Deferred tax income/expense	(47.671.483)	(14.679.173)
Total tax income/(expense)	(294.946.916)	(209.335.131)

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35.1 Corporate tax

The Group and its subsidiaries and associates operating in Turkey, is subject to the tax legislation and practices in force in Turkey. Therefore, provisions for taxes are reflected and allocated in the accompanying consolidated financial statements.

Account Name	31 December 2022	31 December 2021
Current period tax expense	247.275.433	194.655.958
Prepaid taxes (-)	(211.038.130)	(99.808.931)
Current income tax liabilities, net	36.237.303	94.847.027

As of the end of the reporting period, the Group has deductible/refundable prepaid tax amounting to TL 703.029 included in current assets and recognised under "current income tax assets" in the accompanying consolidated financial statements (31 December 2021: TL 788.917).

Advance tax in Turkey is calculated and accrued on a quarterly basis. Corporate income as of the temporary tax periods, temporary tax rate of 23% over the corporate earnings in 2022 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.

According to corporate tax law article numbered 20, the corporate tax is imposed by the taxpayer's tax returns. Companies file their corporate tax returns between 1-30 April following the close of the accounting year. In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns by the 25th of the fourth month following the close of the financial year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

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. However, in accordance Temporary Article 13 of regulation with the Law No. 7316 on the Procedure for the Collection of Public Receivables and the Law Amending Certain Laws published in the Official Gazette dated April 22, 2021 and numbered 31462, the corporate tax rate will be 25% for 2021 and 23% for 2022 corporate earnings. 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 the deferred tax assets or liabilities are calculated based on the tax rates (and tax laws) that are effective or close to be effective as of the end of the reporting period (balance sheet date), using the tax rates of 20% expected to be applied in the periods when assets are converted into income or liabilities are paid, as of 31 March 2022, the Group and evaluated their assets and liabilities according to their temporary differences and calculated deferred tax at the rate of 23% and 20% corresponding to the temporary differences.

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.

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. As of the reporting date, the rate of income withholding tax implemented as 10%.

35.2 Deferred tax

Sarkuysan and its subsidiaries and associates, recognise deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with TFRS and the Turkish tax legislations issued by POA. These differences usually result in the recognition of revenue and expenses in different reporting periods for tax purposes and for the purposes of TFRS 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 property, plant and equipment (except land), intangible assets, inventories, the revaluation of prepaid expenses, discount of receivables, provision for employment termination benefits, 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 2022 Cumulative Temporary Differences	31 December 2021 Cumulative Temporary Differences	31 December 2022 Deferred tax assets/ liabilities	31 December 2021 Deferred tax assets/ liabilities
Property, Plant and Equipment	31.328.749	30.460.001	(4.186.231)	(4.012.482)
Investment Properties Revaluation Surplus	425.336.198	154.083.468	(42.533.620)	(15.408.347)
Foreign Subsidiaries' Deferred Tax Assets	-	-	6.017.786	5.821.321
Discount Expenses	12.390.705	6.883.161	2.478.141	1.583.127
Provision for Employment Termination Benefits	181.511.623	80.671.641	36.302.325	16.134.328
Provision for Doubtful Receivables	12.990.306	15.630.849	(2.598.061)	(3.595.095)
Provision for Lawsuits	205.000	1.320.000	41.000	303.600
Provision for Interest Expenses	3.690.561	36.606.513	738.112	(8.419.498)
Derivatives Transactions, net	3.856.765	5.661.745	771.353	(1.302.201)
Provision for Unused Vacation	13.999.266	6.316.967	2.799.853	1.452.902
Discount Income	4.271.136	416.397	(854.227)	(95.771)
Other	10.423.606	30.756.637	(2.865.185)	7.074.027
Deferred tax assets / (liabilities), net ^(*)			(3.888.754)	(464.089)

(*) The Group has been presented the net effect of deferred tax assets and liabilities in its consolidated balance sheets.

Movements in deferred tax assets/(liabilities) are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Beginning of the Period – 1 January	(464.089)	4.455.232
TFRS 9 effect, net	-	-
Actuarial Gains/Losses on Employment Termination Offset under Equity	16.370.893	2.190.615
Currency Translation Differences	27.875.925	7.569.237
Investment Properties Revaluation Surplus Charge to Equity, net	-	-
Deferred Tax Income/Expense	(47.671.483)	(14.679.173)
End of the Period – 31 December	(3.888.754)	(464.089)

The movement of deferred tax during the period is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Deferred Tax Assets	9.122.848	7.800.892
Deferred Tax Liabilities	(13.011.602)	(8.264.981)
End of the period – 31 December	(3.888.754)	(464.089)

Turkish tax legislation does not permit a parent company to file a consolidated tax return. Therefore, tax liabilities, as reflected in consolidated financial statements, have been calculated on a separate-entity basis. On the consolidated financial statements, deferred tax assets and liabilities of different entities are presented 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.

	1 January - 31 December 2022	1 January - 31 December 2021
Profit before tax	1.424.642.623	762.927.316
Tax calculated at domestic tax rate	(341.845.170)	(197.016.362)
Tax Effect:		
- Non-Taxable Income	96.522.806	23.928.096
- Non-Deductible Expenses	(49.624.552)	(36.246.865)
Tax income/(expense)	(294.946.916)	(209.335.131)

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NOTE 36 - EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Accordingly, the weighted average number of shares used in earnings per share calculation as of 31 December 2022 and 2021, which is as follows:

Account Name	1 January - 31 December 2022	1 January - 31 December 2021
Profit for the Period	1.128.721.722	553.222.655
Weighted Average Number of Shares	40.000.000.000	30.000.000.000
Earnings Per Share	0.02822	0.01844

NOTE 37 - RELATED PARTY DISCLOSURES

Related party balances are as follows:

31 December 2022

	Receivables		Payables	
	Trade receivables	Other receivables	Trade payables	Other payables
Demisaş	8.203.115	-	-	-
Total	8.203.115	-	-	-

31 December 2021

	Receivables		Payables	
	Trade receivables	Other receivables	Trade payables	Other payables
Demisaş	7.045.913	-	-	-
Total	7.045.913	-	-	-

Related party transactions are performed without obtaining guarantee.

Related party transactions are as follows:

31 December 2022

Related Parties	Sales of Goods and Services	Rent Income	Foreign Exchange - Delay Interest Gains	Other Sales	Total
Demisaş	48.632.455	313.800	2.234.957	617.604	51.798.816
Total	48.632.455	313.800	2.234.957	617.604	51.798.816

Related Parties	Purchases of Goods and Services	Rent Expenses	Foreign Exchange - Delay Interest Losses	Other Purchases	Total
Demisaş	-	-	304.382	-	-
Total	-	-	304.382	-	-

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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

Total key management compensation incurred by Sarkuysan in 2022 is amounted to TL 21.209.366 (31 December 2021: TL 13.191.495).

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 borrowings includes the loans explained in note 8, cash and cash equivalents explained in note 6 and equity items containing respectively issued share 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 (includes borrowings, finance leases and trade payables as disclosed in the consolidated balance sheet). Total capital is calculated as equity, as shown in the balance sheet, plus net debt. General strategy based on the Group's equity does not differ from the previous period. The Group's risk management policy mainly focuses on the unpredictability and volatility of financial markets, and it is aimed to minimize potential adverse effects with the policies implemented.

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 currency risk

As a result of the Group's operating activities are ensured in a wide geography, operations are carried out in different currencies. Therefore, foreign currency risk is one of the most significant financial risk. 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 denominated assets and 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 by the Group management for the foreign currency risk. Derivative contracts such as swaps, options and forwards are also used as instruments for currency risk management for hedging purposes.

The following table details the Group's foreign currency sensitivity as at 31 December 2022 and 2021 for the changes at the rate of 10%:

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

Exchange Rate Sensitivity Analysis Table 31 December 2022	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	87.136.068	(87.136.068)	87.136.068	(87.136.068)
2- Hedged portion of USD Risk (-)	-	-	-	-
3- USD Net Effect (1+2)	87.136.068	(87.136.068)	87.136.068	(87.136.068)
Change in EUR against TL by 10%				
4- EURO Net Asset / Liability	(84.280.637)	84.280.637	(84.280.637)	84.280.637
5- Hedged portion of Euro Risk (-)	-	-	-	-
6- EURO Net Effect (4+5)	(84.280.637)	84.280.637	(84.280.637)	84.280.637
Change in GBP against TL by 10%				
7- GBP Net Asset / Liability	1.357.910	(1.357.910)	1.357.910	(1.357.910)
8- Hedged portion of GBP Risk (-)	-	-	-	-
9- GBP Net Effect (7+8)	1.357.910	(1.357.910)	1.357.910	(1.357.910)
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	4.213.341	(4.213.341)	4.213.341	(4.213.341)

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

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND****FOR THE YEAR ENDED 31 DECEMBER 2022**

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As of 31 December 2022 and 2021, foreign exchange position table of the Group is as follows:

Foreign Exchange Position Table

	31 December 2022	
	TL Equivalent	USD
1. Trade Receivables	2.825.231.402	84.211.546
2a. Monetary Financial Assets	558.178.372	24.659.191
2b. Non-monetary financial assets	-	-
3. Other	3.651	-
4. Total Current Assets (1+2+3)	3.383.413.425	108.870.737
5. Trade Receivables	-	-
6a. Monetary Financial Assets	39.870	-
6b. Non-monetary financial assets	-	-
7. Other	-	-
8. Total Non-Current Assets(5+6+7)	39.870	-
9. Total Assets (4+8)	3.383.453.295	108.870.737
10. Trade Payables	1.711.870.258	64.626.963
11. Financial Liabilities	1.793.531.050	25.160.988
12a. Other Monetary Liabilities	70.214.444	1.839.549
12b. Other Non- Monetary Liabilities	5.609.490	300.000
13. Total Current Liabilities (10+11+12)	3.581.225.242	91.927.500
14. Trade Payables	-	-
15. Financial Liabilities	307.203.111	871.262
16a. Other Monetary Liabilities	-	-
16b. Other Non- Monetary Liabilities	-	-
17. Total Non-Current Liabilities (14+15+16)	307.203.111	871.262
18. Total Liabilities (13+17)	3.888.428.353	92.798.762
19. Off-Balance Sheet Derivative Instruments Net Asset / (Liability) Position (19a-19b)	547.108.465	30.529.089
19a. Total Asset Amount of Hedged	570.842.065	30.529.089
19b. Total Liabilities Amount of Hedged	23.733.600	-
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	42.133.407	46.601.064
21. Monetary Items Net Foreign Exchange Asset / (Liabilities) Position (1+2a+3+5+6a-10-11-12a-14-15-16a)	(504.975.058)	16.071.975
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	14.731.825.860	317.192.990
26. Import	19.814.725.298	968.644.636

31 December 2021							
EUR	GBP	Other	TL Equivalent	USD	EUR	GBP	Other
55.498.219	6.414.955	-	1.889.395.166	63.463.389	62.157.874	5.885.024	-
4.718.920	134.386	-	320.463.875	13.586.251	9.010.754	190.919	-
-	-	-	-	-	-	-	-
183	-	-	-	-	-	-	-
60.217.322	6.549.341	-	2.209.859.041	77.049.640	71.168.628	6.075.943	-
-	-	-	45.260	-	3.000	-	-
2.000	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2.000	-	-	45.260	-	3.000	-	-
60.219.322	6.549.341	-	2.209.904.301	77.049.640	71.171.628	6.075.943	-
25.125.459	114.828	-	998.194.657	44.347.343	26.886.045	81.664	-
63.270.226	2.746.995	-	1.329.046.420	39.379.297	42.644.038	8.950.000	-
1.776.310	18.118	-	164.049.549	6.641.718	4.818.182	157.604	-
-	-	-	-	-	-	-	-
90.171.995	2.879.941	-	2.491.290.626	90.368.358	74.348.265	9.189.268	-
-	-	-	-	-	-	-	-
12.031.744	2.270.440	-	451.465.827	1.004.804	29.037.019	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
12.031.744	2.270.440	-	451.465.827	1.004.804	29.037.019	-	-
102.203.739	5.150.381	-	2.942.756.453	91.373.162	103.385.284	9.189.268	-
(293.515)	(795.155)	-	5.661.729	3.597.480	(665.430)	(1.794.984)	-
-	-	-	322.147.947	13.895.301	9.076.702	-	-
293.515	795.155	-	316.486.218	10.297.821	9.742.132	1.794.984	-
(42.277.932)	603.805	-	(727.190.423)	(10.726.042)	(32.879.086)	(4.908.309)	-
(41.984.417)	1.398.960	-	(732.852.152)	(14.323.522)	(32.213.656)	(3.113.325)	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
474.580.157	49.727.619	-	7.400.683.796	295.136.177	403.185.423	46.208.032	-
224.837.682	10.123	-	9.918.301.408	870.266.888	201.371.691	18.843	-

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Interest rate 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 2022	31 December 2021
Financial Assets	168.822.205	61.318.852
Financial Liabilities	(783.431.595)	(670.756.210)
Floating Interest Rate Financial Instruments		
Financial Assets	148.442.437	237.118.133
Financial Liabilities	(2.606.082.235)	(1.621.093.677)

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. Although time deposits and loans have fixed interest rates, they are sensitive to interest rate changes due to their short-term nature. Increase in interest rate will cause net interest income/expense of the Group. This effect is measured by sensitivity analysis. As of 31 December 2022, 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 30.722.492 (31 December 2021: TL 19.934.129).

As of 31 December 2022, in the case of 100 bps rise in the annual interests, with all other variables held constant, profit before tax would have been TL 6.146.094 (31 December 2021: TL 6.094.374 lower).

Credit risk management

Credit risk is the risk that a counterparty cannot fulfill its obligations in the agreements that the Group is party to. The Group's credit risk arises from trade receivables. Trade receivables of the Group is trying to be managed as the credit risk by limiting the transactions with certain parties and continuously evaluating the reliability of the related parties in accordance with the Group's policies and procedures. Total credit risk and trade receivables of the Group is presented in the consolidated balance sheet less provisions for doubtful receivables (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, letter of guarantees, DDS etc.) for minimizing adverse effect of the receivable risk.

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CREDIT RISK DETAILS IN RESPECT OF FINANCIAL INSTRUMENT TYPES

As of 31 December 2022 and 2021, the exposure of consolidated financial asset to credit risk is as follows:

31 December 2022

	Receivables						Bank	
	Trade Receivables		Other Receivables		Notes	Deposits	Notes	
	Related Party	Other	Related Party	Other				
Maximum exposure to credit risk as of reporting date (A+B+C+D)	8.203.115	3.526.129.549	-	161.633.160		489.730.624		
- <i>Maximum risk secured with guarantees etc.</i>	-	2.242.992.545	-	-	22	-	22	
A. Net book value of neither past due nor impaired financial assets	8.203.115	3.526.129.549	-	161.633.160		489.730.624	6	
B. Net book value of past due but not impaired financial assets	-	-	-	-	10-11	-	6	
- <i>Secured with guarantees</i>	-	-	-	-	10-11	-	6	
C. Net book value of impaired assets	-	-	-	-	10-11	-	6	
- Past due (gross amount)	-	178.520.730	-	-	10-11	-	6	
- <i>Impairment (-)</i>	-	(178.520.730)	-	-	10-11	-	6	
- <i>Secured with guarantees</i>	-	-	-	-	10-11	-	6	
- Undue (gross amount)	-	-	-	-	10-11	-	6	
- <i>Impairment (-)</i>	-	-	-	-	10-11	-	6	
- <i>Secured with guarantees</i>	-	-	-	-	10-11	-	6	
D. Off-balance sheet expected credit losses (-)	-	-	-	-	10-11	-	6	

31 December 2021

	Receivables						Bank	
	Trade Receivables		Other Receivables		Notes	Deposits	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		
- <i>Maximum risk secured with guarantees etc.</i>	-	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		356.846.351	6	
B. Net book value of past due but not impaired financial assets	-	-	-	-	10-11	-	6	
- <i>Secured with guarantees</i>	-	-	-	-	10-11	-	6	
C. Net book value of impaired assets	-	-	-	-	10-11	-	6	
- Past due (gross amount)	-	122.945.144	-	-	10-11	-	6	
- <i>Impairment (-)</i>	-	(122.945.144)	-	-	10-11	-	6	
- <i>Secured with guarantees</i>	-	-	-	-	10-11	-	6	
- Undue (gross amount)	-	-	-	-	10-11	-	6	
- <i>Impairment (-)</i>	-	-	-	-	10-11	-	6	
- <i>Secured with guarantees</i>	-	-	-	-	10-11	-	6	
D. Off-balance sheet expected credit losses (-)	-	-	-	-	10-11	-	6	

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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 management makes certain estimates that the maturity structure of receivables and payables are matched. In order to maintain short-term liquidity, the Group manages liquidity ratio (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 2022 and 2021 are as follows:

31 December 2022

	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	5.308.686.922	5.409.206.038	2.317.689.265	2.508.248.676	582.845.539	422.558
Bank Borrowings	3.389.513.830	3.484.765.594	415.915.144	2.498.937.560	569.912.890	-
Finance Lease Liabilities	23.541.310	25.462.165	3.924.993	8.938.345	12.176.269	422.558
Lease Liabilities	1.533.423	1.253.408	124.257	372.771	756.380	-
Trade Payables	1.870.642.588	1.874.985.357	1.874.985.357	-	-	-
Other Payables	23.455.771	23.455.771	23.455.771	-	-	-

Derivative Instruments	Carrying Value	Total Contractual Cash Outflows	Demand or up to 3 months	3-12 months	1-5 years	5 years and over
Cash Inflows	1.043.419.227	1.033.952.556	1.029.690.731	4.261.825	-	-
Cash Outflows	(1.047.275.992)	(1.045.306.995)	(1.041.104.735)	(4.202.260)	-	-
Derivative instruments, net	(3.856.765)	(11.354.439)	(11.414.004)	59.565	-	-

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 Liabilities	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	Carrying Value	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	-	-

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*Other risks*Raw material price change risk (Commodity price risk)

A significant portion of Group’s cost is arising from fluctuations in copper price which is determined by world market. 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 and other related 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 materials and 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 have material effect that the Group is taking into consideration of the decision in order to advise to the Board of Directors.

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NOTE 39 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING)

31.12.2022	Notes	Other Financial Assets at Amortized Costs	Loans and Receivables
Financial Assets		489.842.471	3.534.332.664
Cash and Cash Equivalents	6	489.842.471	-
Trade Receivables	10	-	3.534.332.664
Financial Investments	7	-	-
Derivative Instruments	14	-	-
Financial Liabilities		3.775.003.955	1.870.642.588
Financial Payables	8	3.771.147.190	-
Trade Payables	10	-	1.870.642.588
Other Financial Liabilities	9	-	-
Derivative Instruments	14	3.856.765	-
31.12.2021			
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	-	-

Financial Assets Available for Sale	Financial Assets at Fair Value Through Profit or Loss	Other Financial Liabilities at Amortized Costs	Book Value	Fair Value
-	4.294.009	-	4.028.469.144	4.028.469.144
-	-	-	489.842.471	489.842.471
-	-	-	3.534.332.664	3.534.332.664
-	4.294.009	-	4.294.009	4.294.009
-	-	-	-	-
-	-	-	5.645.646.543	5.645.646.543
-	-	-	3.771.147.190	3.771.147.190
-	-	-	1.870.642.588	1.870.642.588
-	-	-	-	-
-	-	-	3.856.765	3.856.765
-	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
-	-	-	-	-
-	-	-	-	-

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND****FOR THE YEAR ENDED 31 DECEMBER 2022**

(Amounts on tables expressed in Turkish Lira ("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 currency 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 adverse effects of these risks and to hedge against financial risks, the Group uses forward foreign exchange contracts as derivative instruments. Derivative contracts such as options are also used as instruments for mitigate the adverse effects for hedging purposes.

31.12.2022	Level 1	Level 2	Level 3	Total
Financial Assets	3.718.166	-	575.843	4.294.009
<i>Financial Assets at Fair Value Through Profit or Loss</i>	<i>3.718.166</i>	-	<i>575.843</i>	<i>4.294.009</i>
<i>Financial Assets Available for Sale</i>	-	-	-	-
Derivative Instruments	-	(3.856.765)	-	3.856.765
<i>Other Financial Assets/Liabilities at Amortized Cost (Net)</i>	-	<i>(3.856.765)</i>	-	<i>3.856.765</i>

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.

NOTE 40 - EVENTS AFTER THE REPORTING PERIOD

After the balance sheet date, the Group acquired interest in a subsidiary with effective ownership interest of 82.5% of CRW Metal Sanayi ve Ticaret Anonim Şirketi. CRW Metal has current issued share capital amounting to TL 300.000.000. The establishment of CRW Metal was published in Official Gazette on 9 March 2023 numbered 10786.

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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